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Op-Ed

2016: The Year of the Soda Tax

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THE YEAR 2016 WAS PIVOTAL IN THE HISTORY OF THE "SODA wars"—the politically divisive conflict between soda as a joy of life or as a uniquely harmful food. This past year, the soft beverage industry lost its battle against soda taxes. Cities and counties around the country are levying taxes on sweetened beverages to tackle rising rates of obesity and type 2 diabetes, especially among children, and to boost revenue for public health and community programs. Despite massive industry opposition, 6 jurisdictions, from San Francisco to Philadelphia, adopted taxes to reduce the consumption of soda. Bolstering this momentum, research in Berkeley, California, which began taxing drinks in March 2015, found that the consumption of soda in low-income neighborhoods decreased by 21%.[1] Armed with such evidence, other innovative cities pressed for price disincentives for purchasing soft drinks.

At the beginning of 2016, only 121,000 consumers (all of whom were Berkeley residents) paid public health–based soda taxes. But when the new measures take effect, that number is predicted to grow to more than 8.3 million nationally. In the next few years, the hubs of public health innovation will most likely be cities and towns.[2] We already have seen how high taxes on cigarettes pushed smoking rates to historic lows, and we know that price can be a strong motivator of consumer behavior. But beyond price, "sin" taxes send a potent signal that consumers should beware before buying distinctly hazardous products. Another benefit is revenue generation, which can then be used for health education and community programs.

Why Tax Sodas?

America is in the midst of an epidemic of chronic, noncommunicable diseases (NCDs), threatening its citizens' health, longevity, and prosperity. Almost one-third of children and young people and

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two-thirds of adults are overweight or obese. The prevalence of diabetes among US adults is 11% to 14%, costing an estimated $245 billion in health care costs and decreased productivity. The Dietary Guidelines for Americans, 2015–2020 (the Dietary Guidelines) recommends limiting the consumption of added sugars, which are associated with an increased risk of cardiovascular disease, obesity, type 2 diabetes, cancers, and dental caries. Beverages—including sodas, sweetened teas, and energy drinks—are the main source of added sugar in the typical US diet, accounting for almost half of all added sugars.[3]

In October 2016, the World Health Organization (WHO) recommended that governments tax sugary drinks and other unhealthy products and subsidize healthier options, such as fresh fruits and vegetables. Following the success of tobacco taxes, the WHO recommends excise taxes to increase retail prices and thereby reduce the consumption of sugary drinks by at least 20%. Evidence from early adopters shows great promise. Mexico's 1-peso-per-liter excise tax on sugar-sweetened beverages produced a 6% average decline in purchases during its first year, reaching 12% by December 2016.[4] Likewise, research in Berkeley, California, found that the consumption of sugary beverages in low-income neighborhoods decreased by 21%.[1]

From a Trickle to a Stream

Local governments have long been innovators in public health and disease prevention. For example, municipal governments have adopted novel measures such as zoning regulations for fast-food restaurants, bans on trans fats, and mandatory calorie disclosures in franchise restaurants.

November 2016 saw the passage of 5 new taxes on sweetened beverages. In the Bay Area, voters in the cities of San Francisco, Oakland, and Albany approved 1-penny-per-ounce taxes on sugar-sweetened beverages. Voters in Boulder, Colorado, approved a 2-cent-per-ounce tax, surpassing the city of Philadelphia (1.5-cent-per-ounce tax) as the jurisdiction with the highest tax rate on sugary beverages in the country. Cook County, Illinois, home to 5.2 million Americans, became the country's largest jurisdiction with a public health–based beverage tax, 1 cent per ounce.

Although these new soda taxes share the basic aim of reducing consumption, key differences remain. Boulder's ordinance may be the most innovative, with the highest tax rate and revenues designated for "health promotion, general wellness programs and chronic disease prevention . . . such as access to safe and clean drinking water, healthy foods, nutrition and food education [and] physical activity." In contrast, the Navajo Nation's 2% tax on junk food may be too low to affect consumption, but lawmakers there incentivized healthier purchases by removing a 5% tax on fresh fruits and vegetables.

While most US and international taxes apply only to sugar-sweetened beverages, Philadelphia and Cook County tax both sugary and artificially sweetened beverages. The Dietary Guidelines suggest that artificial sweeteners, such as saccharin and aspartame, "may reduce calorie intake in the short-term, yet questions remain about their effectiveness as a long-term weight management strategy."[3] Ideally, taxing both sugary and artificially sweetened beverages should result in consumers switching to healthier choices, such as water. The variations in tax rates and design across localities offer an unprecedented opportunity for evaluation and data generation, which should be used to advocate for and improve future taxes.

Industry Opposition

Not surprisingly, "Big Soda" has unleashed well-coordinated, heavily resourced opposition campaigns against soda taxes. In San Francisco, for example, the American Beverage Association fought the soda tax to the tune of $19 million. However, supporters of the tax, principally philanthropists, countered by providing $3.4 million in monetary and $6.1 million in nonmonetary support.[5] The industry's messaging includes criticizing soda taxes as "grocery taxes" that unfairly target small businesses and the poor and as "nanny state" intrusions on personal choice. In response, public health advocates such as HealthyBoulderKids have run effective campaigns to bolster public support, including education on the health impacts of sugary beverages and on local rates of overweight and obesity.

Big Soda has continued to oppose soda taxes even after they are enacted. In September 2016, the American Beverage Association and others sued Philadelphia, arguing that its soda tax violates state law, the

Pennsylvania Constitution, and state tax law. The case is currently before the Pennsylvania courts, and the city has committed to defending the suit.

Local Leadership Needed to Sustain Momentum

The Trump administration has offered few (if any) reasons to be optimistic about disease prevention and health promotion. Nonetheless, voters in 4 US jurisdictions approved soda taxes in 2016, and momentum is building in local communities throughout the country. Even though soda taxes are not a panacea for the epidemics of obesity and type 2 diabetes, the evidence does demonstrate that they cut the consumption of sugary drinks, reduce health disparities, and generate more money than they cost to administer. Taxes, along with subsidies for healthier choices, therefore, should become a key pillar of obesity prevention, alongside marketing restrictions, nutrition education, and the promotion of physical activity.

Now more than ever, public health advocates and local leaders must build on the successes of 2016. Local governments should meticulously implement existing taxes, and researchers should conduct rigorous evaluations. As the evidence of harm from soda consumption emerges—and I am certain it will—the public should demand that their governments promote healthier communities all across the nation.

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