Beverage taxes: Evidence and Implementation Considerations

Sara N. Bleich, PhD | Professor of Public Health Policy
Harvard Food Law Policy Center | December 11, 2020
Why such a significant public health policy?

Public health importance
Rationale for targeting SSBs

• Leading source of added sugar in the diet

• Major contributor to obesity and risk of type 2 diabetes, heart disease, and other conditions
Sugary beverage consumption is falling, but we still drink too much too much.

What is the evidence on beverage taxes?
Beverage taxes consistently increase prices

Pass-through ranges from 8% to 120%

Beverage taxes consistently increase prices (cont.)

*Percentages are for pass-through

Seattle, WA
59% to 90% \(^{(12-13)}\)

Berkeley, CA
8% to 67% \(^{(1, 6, 8, 9)}\)

Oakland, CA
60% to 92% \(^{(5, 10, 11)}\)

San Francisco, CA
100% \(^{(11)}\)

Philadelphia, PA
43% to 120% \(^{(3, 4, 7)}\)

Cook County, IL
119% \(^{(2)}\)

Considerable variation in pass-through by retailer type

- **Drugstores/pharmacies**: 1%* to 104% (1, 2, 4-6, 10)
- **Small independent stores/small chain grocery**: -3%* to 130% (4, 5, 7, 10)
- **Convenience stores**: 37% to 87% (1, 3, 5)
- **Mass merchandisers**: 58% to 147% (5, 6, 10)
- **Supermarkets**: 43% to 107% (1, 2, 5, 6, 10)
- **Other****: 50% to 185% (1, 5, 8-10)

*Not statistically significant
**Other: liquor stores, gas stations, quick-service restaurants

Considerable variation in pass-through by beverage size

- **Individual serving**: 28% - 127%
- **Large or family serving**: 40% - 93%


Beverage taxes consistently decrease sales of taxed beverages by:

- 10% to -39%

Declines in sales of taxed beverages by jurisdiction

Seattle, WA
-22% (1)

Berkeley, CA
-10% (2, 3, 8)

Oakland, CA
-11% (4)

*Not statistically significant

Philippe, PA
-39% to -22% (5, 6, 9, 10)
-8.5 oz (4)

Cook County, IL
-21% (7)

Considerable variation in sales decline by beverage size

Individual serving
-25% to -34%

Large or family serving
-71% to -65%


Changes in self-reported consumption are mixed

**Berkeley**

One study found no evidence of decline, while another found a sustained decline 3 years post-tax among low-income customers

**Philadelphia**

No change in SSBs overall, but significant drop in soda consumption for adults (not for children)

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Little to no substitution

- No evidence of substitution to sweet snacks
- No evidence of substitution to alcohol
- Some evidence of substitution to beverage concentrates in supermarkets

No evidence of negative impact on workforce

- No changes in unemployment claims from industries that manufacture and sell SSBs
- No job losses up to 2.5 years after tax implementation
- No overall negative effects on employment, based on modeling studies of alcohol and tobacco taxes

Federal and public health implications of a national beverage tax

- **Tax revenue generated**: $80.4 billion
- **Chronic disease prevention**
  - 850,000 cases of cardiovascular disease
  - 269,000 cases of diabetes mellitus
- **Savings in net costs**: $53.2 billion

Address significant revenue gaps due to COVID-19


Equity implications
Reasons for potentially larger impacts among higher-risk populations

- Tax overshifting may reduce purchases
- Stores with the highest tax overshifting concentrated in low-income neighborhoods
- Little to no evidence of substitution towards high-sugar foods
- Greater purchases of non-taxed beverages by low-education shoppers
Revenue allocations may disproportionately impact high-risk populations

- $135 million per year across the 7 US cities
- Each city has focused investments on low-income communities
- Many tax-funded activities are health-focused or address social determinants of health

Diffusion and implementation considerations
Tax design

Types
Sales vs. excise tax

Included beverages
Sugar sweetened and/or artificially sweetened

Size
U.S. beverage taxes range from 1 to 2 cents per ounce

Structure
Volume (tax per ounce)

Absolute (tax per gram of sugar)

Tiered (tax beverages with more added sugars at a higher rate than beverages with less added sugars)
What may work best for policy diffusion?

- Policy complexity has been shown to reduce policy diffusion.
- Simpler volume-based beverage tax may best facilitate adoption by state and local policymakers.

What may work best for policy implementation?

1. Thorough and timely communications with distributors and retailers
2. Adequate lead time for implementation
3. Advisory commissions for revenue allocations
4. Investment in staff, communications, and evaluation before tax collection begins
5. Early and robust outreach can promote and sustain public support while reducing friction

Unintended consequences

Absolute and tiered taxes may promote the replacement of caloric sweeteners with artificial sweeteners

Substitution

Cross-border shopping
Wrap up
Are beverage taxes regressive or progressive?

- Reduce SSB purchases more among people with lower incomes or lower educational attainment.

- People with low incomes have higher SSB consumption and a greater likelihood of adverse health conditions associated with SSB consumption.

- Microsimulation models show greater tax-related health benefits among people with lower incomes.

- Nearly all cities with SSB taxes allocated revenue to explicitly benefit low-income and other marginalized populations.
Key takeaways

- Every tax jurisdiction is unique, but the story of impact is quite consistent
- Need more evidence about the impact of taxes on purchases and consumption among high-risk groups
- Need to better understand the impacts of tax revenues on health, equity, and community well-being
- COVID-19 may create an opportunity for a national beverage tax
Baking Equity Into Policies to Reduce Sugary Drinks
Access to healthy, affordable, and culturally relevant foods

Safe, culturally appropriate opportunities to be physically active

Being free of the harms of commercial tobacco
WHY ARE WE HERE?

- Equity: Just and fair inclusion into a society in which all can participate, prosper, and reach their full potential. (PolicyLink)

- Health Equity: The highest possible standard of health for all people and giving special attention to the needs of those at greatest risk of poor health, based on social conditions. (Braveman)
SUGARY DRINK INEQUITIES

- Almost half all added sugars Americans consume come from sugary drinks
- Nearly 10% of all calories consumed by teens and young adults are from sugary drinks
- Daily Consumption
  - 1 in 3 toddlers
  - 1 in 2 adults
  - 2 in 3 children

There is variation in sugary drink consumption by race/ethnicity, and the disparities are stronger among adults than children.

Percent of children and adults consuming sugary drinks on a given day, by race/ethnicity, 2013-2014

http://www.healthyfoodamerica.org/sugary_drinks_in_america_who_s_drinking_what_and_how_much
TARGET MARKETING

• Black preschoolers and children (11 years old and under) see 2X as many sugary drink and energy drink ads compared to white preschoolers/kids.

• Black teens saw 2.3 times more ads compared to white teens.

• Low-wealth Black neighborhoods have more outdoor ads for sugary drinks compared to white and Latinx neighborhoods, and upper income Black neighborhoods.
TARGET MARKETING

• Drink companies spent $84 million to promote soda, sports drinks and energy drinks on Spanish-language TV, up 8% from 2013 and up 80% over 2010.

• Latinx preschoolers viewed 13% more Spanish-language TV ads for regular soda/soda brands in 2018 than in 2013, and Latinx children viewed 25% more ads (32 vs. 26).
• Predominantly Black neighborhoods have higher density of fast food outlets

• Predominantly Black neighborhoods have fewer supermarkets compared to predominantly white neighborhoods

• Convenience stores are more prevalent in low-wealth neighborhoods, and neighborhoods with more people of color (Black, Latinx), regardless of whether urban or rural, compared to white neighborhoods and higher income neighborhoods.
FOOD APARtheid - Lack of Safe Drinking Water

- Non-Hispanic Black and Hispanic adults are more likely to report their local tap water is not safe to drink.

- This is associated with drinking less water and more sugary drinks.

THE POLICY JOURNEY

- Gather information
- Identify & engage stakeholders
- Promote collaborative dynamic
- Develop goals that are *ambitious* and FEASIBLE
- Write the policy down
- Present it
- Rewrite it, negotiate
- Pass it or come back to fight another day
Grounded in Community

- Advocates committed to equitable law and policy and advocates from priority populations are necessary to ensure effective law and policy.

- Founded in community
  - Resilience to industry manipulation
  - Support that is both deep and wide
  - Sustainable policy
  - Builds community power

Ricardo Levins Morales
FOCUSING ON EQUITY AND INCLUSION
WHEN WE WORK ON PUBLIC HEALTH LAWS

Introduction
Law and policy are essentials tool for improving public health and addressing the social determinants of health. Laws, in the form of statutes or codes, ordinances, and administrative or agency rules, are a particularly potent type of policy because they have the power of government behind them. Laws are also powerful because they reflect and help to shape and reinforce social norms.

Law impacts our health and our opportunities to lead healthy lives in multi-layered ways. It regulates our access to healthcare services, which directly affects our health. Law also impacts our health in less direct but still significant ways by shaping where we live and what our physical environment is like (is there safe tap water to drink? clean air to breathe? safe places to walk outside?), and restricting or widening the choices and opportunities that are available to us (can we get appealing, nutritious food? can we get a job that pays a living wage? can we use public restrooms?). In other words, the law is a key force for equity and health equity, both for good and for ill.

Law is a key force for equity and health equity, both for good and for ill. There are many helpful ways to explain what equity means. PolicyLink provides this concise and inspiring definition: “This is equity: just and fair inclusion into a society in which all can participate, prosper, and reach their full potential. Unlocking the promise of the nation by unleashing the promise in us all.”1 In turn, Dr. Paula Braveman describes the pursuit of health equity as striving for the highest possible standard of health for all people and giving special attention to the needs of those at greatest risk of poor health, based on social conditions.2 Right now, the leading causes of poor health and death in the U.S. are chronic diseases that are largely preventable—cancer, heart disease, high blood pressure, and diabetes. As Dr. Georges C. Benjamin, Executive Director of the

ADDITIONAL RESOURCES

ThePraxisProject.org/
ORGANIZATIONAL POLICIES

• Hospitals/ healthcare organizations
• Universities and colleges
• Food shelves/ pantries and food banks
• “Food service guidelines” policies


https://www.publichealthlawcenter.org/topics/healthy-eating/healthy-healthcare
USING THE LAW (STATE/LOCAL)

- Limit sugary drinks sold or served on government property or in programs (many state/municipal examples)
- Restrict sales of sugary drinks on school grounds (many state/school district examples)
- Incorporate Child and Adult Care Food Program standards into child care regulations (several state and some municipal examples)
USING THE LAW (STATE/LOCAL)

- Make healthy beverages/sides the defaults for kids’ meals in restaurants
- Incentivize healthy beverages—Healthy Beverages Tax Credit
- Tax/impose a fee on the distribution of sugary drinks

THE JURY IS STILL OUT . . .

- Require healthy checkout lanes in stores
- Require warning labels for sugary drinks
  - On menus (hasn’t been attempted with sugar, but sodium warnings have survived challenges)
  - On containers (hasn’t been passed or tested in court)
  - On advertisements (San Francisco is trying (certain types of outdoor ads); lawsuit is ongoing)
- Use zoning or licensing laws to restrict sugary drink sales/retailers near schools (untested)
And many more at regional and local levels!
FUNDING OPPORTUNITIES AND PARTNERS

- Projects related to the Supplemental Nutrition Assistance Program (SNAP)
- Strengthen school food standards (10 states)
- Healthy kids’ meals in restaurants
- Menu labeling focused on sodium or sugar
- Apply until Dec. 31, 2020

https://voicesforhealthykids.org/

https://cspinet.org/state-and-local-policy-campaign-grant-funding-opportunity
CONTACT US

☎ 651.290.7506
✉ publichealthlawcenter@mitchellhamline.edu
🌐 www.publichealthlawcenter.org
🐦 @phealthlawctr
facebook.com/publichealthlawcenter

Julie Ralston Aoki, J.D.
Director of Healthy Eating and Active Living Programs
Julie.RalstonAoki@mitchellhamline.edu