



Policy Profile: Berkeley, CA

Sugary Drink Tax

In November, 2014, Berkeley, California became the first US city to pass an excise tax on sugary drinks.*

Tax Amount, Type, Revenue

A 1-cent-per-ounce excise tax on distributors of drinks with added caloric sweeteners, except milk products, alcohol, infant formula, and beverages for medical use. The tax was implemented in March, 2015.

- From March 2015 through February 2016, the city collected over \$1.4 million.
- The tax is projected to bring in \$1.2 million in FY 2016.

Revenue Use

Health programs to reduce sugary drink consumption and address its effects, including:

- More than \$850,000 for school-based prevention efforts.
- Over \$637,000 for programs run by community-based organizations including the Ecology Center, the YMCA, Healthy Black Families, and Berkeley Youth Alternatives.

Proponents and Campaign Spending

- The campaign was run by the Berkeley Healthy Child Coalition, a diverse, grassroots group of parents, teachers, health professionals, community leaders, and residents. It was endorsed by every local, elected official.
- The campaign spent about \$927,000 in both cash and in-kind contributions.
- Opposition spent at least \$2.4 million to oppose it. The main opponent was the American Beverage Association (ABA).

Results

- Sugary drink prices have gone up. The tax was passed on from distributors to retailers, and after three months of implementation, sugary drink retail prices in Berkeley increased more than in nearby cities. For example, average 20-ounce soda prices increased by 14 cents to \$1.89. One retail chain (Dollar Tree) even discontinued selling sugary drinks altogether.

What is Taxed

- Sugary drinks like soda, fruit flavored drinks, and energy and sports drinks.

Amount

- 1 cent/oz.

Revenue Raised

- \$1.4 million in one year
(as of February 2016)

Revenue Use

- Health programs in schools and communities

BERKELEY AT A GLANCE

- Population 118,800
- 60% white, 10% Black or African-American, 20% Asian/Pacific Islander, 10% Latino
- 20% below poverty level
- Almost 40% of Berkeley's school children are overweight or obese

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- A survey of residents in Berkeley’s low-income neighborhoods found a 21% drop in consumption of sugary drinks in the months following implementation of the tax.

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Highlights

- In November, 2014, Berkeley, California waged a battle against Big Soda and won, making the city the first in the nation to pass an excise tax on sugary drinks, and paving the way for other US cities to follow its example.
- Seventy-six percent of Berkeley voters said “yes” to the tax.
- Revenues go to the general fund, but the measure created a panel of experts in child nutrition, health care, and education to advise the City Council on how to fund programs to improve child health.
- Proponents organized a strong grassroots campaign
 - Strategically-named “Berkeley vs. Big Soda,” the campaign began in November of 2013 with the formation of the Berkeley Healthy Child Coalition. The coalition was run by a manager, with two prominent Berkeley residents as co-chairs.
 - Field staff and community volunteers went door-to-door to talk to voters, and gathered near-unanimous endorsements from health, community, education, and political organizations; the School Board; grocers and restaurateurs; and all 9 members of the Berkeley City Council.
- A majority of voters supported the tax. In November 2014, 76% voted for the tax.

The Campaign’s Simple Message

- 40% of kids will get diabetes in their lifetime
- Soda is the primary driver of this epidemic
- This tax will address it

Mexico passed a 1-peso-per-liter excise tax on sugary drinks in October 2013.*

What Worked in Berkeley

Each community has unique circumstances that dictate how it will frame and design its campaign. Here are some lessons learned from Berkeley:

- Begin early and soften the ground with education.
- Focus the campaign on children’s health and future.
- Use social media and stick to key messages.
- Involve those communities in the campaign which are most affected by diabetes, obesity, heart disease, and dental disease.
- Be prepared for opponents to fight hard.
- Have a well thought-out implementation plan in place.

*Please contact HFA for citations.

Tax Amount, Type, Revenue

A 1-peso-per-liter excise tax on manufacturers and distributors of all drinks with added sugar, except milk, milk-based drinks and beverages registered as medicines. The tax will

“ We have already inspired people around the country — if our tiny city of 100k can take on the industry, so can other cities! ”

Tweet by a supporter

be adjusted for inflation every two



Policy Profile: Mexico

Sugary Drink Tax

years. Over (US) \$2.6 billion raised in two years.

Revenue Use

Goes to the general fund, with a portion allocated by the Mexican Congress to provide access to free, potable drinking water in schools and public places, and for obesity and chronic disease prevention.

Proponents

The 22-member Nutritional Health Alliance, with organizations such as El Poder del Consumidor (Consumer Power), ContraPESO (CounterWEIGHT), and The Hunger Project Mexico; networks representing over 650 grassroots and nonprofit organizations; the Pan American Health Organization (PAHO/WHO); and legislators, and academic and medical institutions.

Results

- **Sugary drink prices rose by 1 peso per liter on average.** As intended, the tax was entirely passed on from manufacturers and distributors to consumers at the point of sale.
- **Sugary drink purchases went down**
– **2014: by 6% on average over the first year, reaching 12% by December, 2014.** Among the poor, the average reduction was 9% throughout 2014 and reached 17% in December.
- **Purchases of water and other untaxed beverages rose by 4% in 2014.**
- **Public awareness of the harms of sugary drinks increased:** 52% of respondents said they were drinking fewer sugary drinks in 2014 than in 2013, according to national polls.

- 1 peso/liter (5 cents/liter) **What is Taxed**
- Sugary drinks

Revenue Raised

- US \$2.6 billion in 2014-2015 **Revenue Use**

Amount

- Water fountains in schools and other childhood and adult obesity prevention programs

MEXICO AT A GLANCE

- Population 122.3 million
- 33% of children aged 2-18 and 70% of adults are overweight or obese
- Prevalence rates for diabetes, overweight, and obesity are among the highest in the world
- One of the world's largest consumers of soda (163 liters per person/year)

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FACT SHEET | Mexico: Sugary Drink Tax

Highlights

- The Mexico sugary drink tax is **reducing consumption and**

benefitting the most vulnerable populations, which pay percentage of their income for their healthcare.

- Proponents built an effective three-pronged strategy, using:
 - **researchers** to provide scientific information;
 - **advocacy organizations** to generate public debate and develop and spread messages; and
 - **lobbying organizations** to identify and engage legislators at the right time.
- Advocates turned to **alternative media outlets and social media** when Mexico’s major TV networks and outdoor advertising chains refused to run ads about soda, children, and diabetes. They got 250,000 hits on YouTube, produced videos and a film on the links between soda consumption and diabetes, and placed ads in cinemas, subway stations, buses, and newspapers.
- Opponents lost despite their powerful alliance which included the National Association of Sugar-Sweetened Beverages and Carbonated Water Producers, the Mexican Council of the Industry of Consumer Products, sugar cane producers, and beverage bottlers, among others. They lobbied in Congress, took out full-page ads in national dailies, and created a “front group” called Centro para la Libertad del Consumo (The Center for Consumer Freedom).
- Despite opponents’ predictions, there was no reduction in the number of employees either in food- and beverage-related industry or in retail businesses after the taxes were introduced.
- **Seven of every 10 Mexicans supported a tax** if the revenue was to be used for obesity prevention or drinking fountains.

What Worked in Mexico

Each campaign has unique circumstances that dictate how it will frame and design its campaign. Here are some lessons learned from Mexico:

- Engage a **diverse group of organizations** that are respected defenders of the public’s interest and have strong media and political campaign development skills.
- Have a firm grasp of the **scientific literature**. Use it to develop your messages. Call on a diverse group of experts to inform legislators and the public.
- **Define the problem** (e.g., type 2 diabetes), **identify the culprit** (sugary drinks and the soda industry), **pose a solution** (a tax), and **link the revenue to a cause** (e.g., water fountains in schools).
- Have a thorough **knowledge of the political system** and the appropriate timing to present the policy. Use this knowledge to plan your strategy.

- **Next steps:** Mexican and international experts and advocates, in accordance with WHO recommendations, are calling for a 20% tax, to have an even greater effect on consumption. Champion legislators in Mexico are proposing tax revenue be fully allocated to obesity and diet-related chronic disease prevention, to further curb the rising burden on Mexico’s public health.

*Please contact HFA for citations.

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FACT SHEET | Mexico: Sugary Drink Tax

Advocates Win a Second Victory

In October 2015, beverage industry lobbyists sought to cut the tax in half for certain beverages with less sugar, many of which were directly targeted to children. Advocates, with help from international health groups, convinced the Senate to sustain the full tax, on behalf of Mexico’s children.

Tax Amount, Type, Revenue

A 1.5 cents per-ounce tax on distributors of drinks with added caloric and non-caloric sweeteners. Excludes infant formula; products



Policy Profile: Philadelphia, PA Sweetened Drink Tax

In June 2016, Philadelphia, PA became the second, and largest, US city to pass an excise tax on sweetened drinks.³

with more than 50% milk, fruit, or vegetables; and drinks for medical use.

Revenue Use

Anti-poverty measures, including:

- 6,500 new slots for Philly's pre-kindergarten programs
- 25 new community schools with health, behavioral, and social services to improve students' academic success
- Revitalizing neighborhood parks, recreation centers, and libraries

Expected Health Benefits

- Prevent hundreds of cases of diabetes within a few years
- Avoid thousands of cases of obesity per year
- Save millions in health care costs over 10 years
- Decrease sugary drink consumption

Proponents and Campaign Spending

- Mayor Jim Kenney proposed the measure and the Philadelphia City Council passed it by a 13-4 vote.
- A coalition called Philadelphians for a Fair Future, composed of a broad and diverse group of civic, labor, early education and faith organizations, community development corporations, and small business owners, spent \$2.5 million on ads to promote the tax.

Opponents and Campaign Spending

- The main opponent was the American Beverage Association (ABA) which funded a coalition of small businesses and organizations called "No Philly Grocery Tax."
- The ABA spent \$10.6 million to defeat the tax and offered the city \$7 million to help fund one year of universal pre-k, in exchange for dropping the tax proposal.

What is Taxed



Amount

- 1.5 cents/oz.
- Soda, fruit flavored drinks, energy and sports drinks and diet drinks

Expected Revenue

- \$91 million/year

Use

- Pre-k, schools, parks, recreation centers, libraries

PHILLY AT A GLANCE

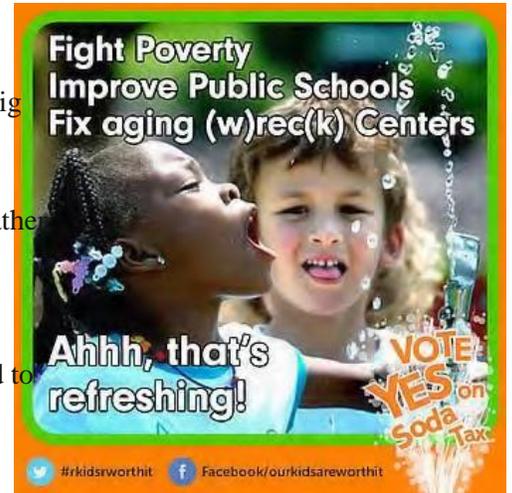
- 5th largest US city, population 1.5 million – Black: 42%
 - Latino or Hispanic: 12%
 - Asian: 6%
 - White: 37%
- 26% below poverty level
- 21% of 5-18 year-old children are obese
- 15% of adults have diagnosed type 2 diabetes
- 24% of 9-12th graders drink one or more sugary drinks per day

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Highlights

- In June, 2016, Philadelphia, PA joined Berkeley, CA as the second, and largest city to pass a tax on sweetened drinks, despite Big Soda outspending Philly's pro-tax coalition by about 5 to 1. It will take effect on January 1, 2017.
- The campaign was framed as a source of funds for anti-poverty projects rather than as a public health measure, although health benefits were included as a secondary frame.
- Philadelphia's Mayor Jim Kenney created a win-win model for other large cities. At 1.5 cents per ounce, the tax will raise significant funds and is projected to prevent chronic disease cases and reduce health care costs.



Proponents' Main Messages

- The tax is a much-needed source of revenue to fund anti-poverty programs, many for children, which the public wants: universal pre-k, new community schools, and improved parks, libraries, and other public amenities.
- Beverage companies target poor and minority communities with advertising, making substantial profits. Big Soda should do the right thing by giving back to those communities.

What Worked in Philly

Each community has unique circumstances that dictate how it will frame and design its campaign. Here are some lessons learned from Philadelphia:

- Tie the tax to tangible, measureable initiatives that the public and council members want, and for which government can be held accountable; health benefits will follow.
- Focus on local priorities. These taxes can be an effective and popular solution to address local budget challenges and provide revenue for priority projects.
- Maintain a communications strategy that creates an ongoing buzz of earned and social media to inform the community and bolster support for the tax.
- Build a strong and diverse coalition. Include partners focused on health impacts, as well as civic, labor, and faith organizations, small businesses, and those who support specific initiatives that will be funded with the new revenue.

Mayor Kenney:

“ Tie your efforts to tangible initiatives that people care about. When it comes up, acknowledge that it is a good thing to drink less SSBs, but tie it to things that people care about. ”

*Please contact HFA for citations.

