Challenges Facing Sugar-Sweetened Beverage Tax Campaigns

Introduction

In 2009 and 2010, 17 states (in addition to the cities of Baltimore, Philadelphia, and Washington, DC) proposed legislation to place a tax on sugar-sweetened beverages (SSBs). [1] SSBs are defined as beverages that contain added caloric sweeteners such as "sodas, fruit drinks, sport drinks, low-calorie drinks and other beverages that contain added caloric sweeteners, such as sweetened tea, rice drinks, bean beverages, sugar cane beverages, horchata and nonalcoholic wines/malt beverages."[2] Below are three brief case studies of recent SSB tax campaigns which serve to highlight the challenges faced in moving an SSB tax proposal forward.

Brief Case Studies for Recent SSB Tax Campaigns

In 2010, the Governors of New York and Washington as well as the Mayor of Philadelphia were among those who proposed taxes on SSBs. New York and Philadelphia's proposals were ultimately defeated while Washington's proposal passed but was quickly repealed. The brief case studies below illustrate how opponents of the proposals were able to either successfully prevent the proposals from becoming law (in the cases of New York and Philadelphia) or mount an immediate repeal campaign (in the case of Washington).

- **New York:** In May 2010, Governor David Paterson (D) offered his most recent proposal for a tax one cent per ounce on SSBs to raise revenue for health care programs. The proposal would have exempted bottled water and some low-calorie beverages.[3] The American Beverage Association (ABA) and its allies (including grocers and the Teamsters) spent at least $9.4 million in their successful effort to oppose the Governor's proposal under an umbrella coalition known as New Yorkers Against Unfair Taxes. Additionally, the Food Bank of New York City opposed the tax out of concerns about its regressive effects. The main group supporting the proposal, known as the Alliance for a Healthier New York, spent between $2.5 million and $5 million. This group consisted of a broad coalition of health advocates, community organizations, faith-based groups, providers (e.g., the Greater New York Hospital Association), and unions (e.g., SEIU). Opponents were able to characterize the proposal as "dubious health policy wrapped in a

[1] Yale University Rudd Center for Food Policy and Obesity. (2010, May). *Soft Drink Tax Legislation Filed 2009-2010*. Retrieved from http://www.yaleruddcenter.org/resources/upload/docs/what/policy/SoftDrinkTaxMap_5.10.pdf, p. 1.
[2] The Robert Wood Johnson Foundation. (2009, November). *The Negative Impact of Sugar-Sweetened Beverages on Children's Health.* Retrieved from http://www.rwjf.org/files/research/20091203herssb.pdf, p. 1.
[3] Yale University Rudd Center for Food Policy and Obesity. (n.d.). *Search for bills.* Retrieved from http://yaleruddcenter.org/legislation/search.aspx, p. 1.

really regressive tax" in order to successfully defeat it.[4] The combined power of an anti-tax message along with significant dollars behind it created enough opposition to kill the SSB tax proposal.

- **Philadelphia:** In March 2010, Mayor Michael Nutter (D) proposed a tax of two cents per ounce on SSBs to fund obesity prevention programs and raise general revenue for the city.[5] The ABA and its allies (including the Teamsters) were once again the main opposition to the proposal. During the debate over the SSB tax proposal, the ABA offered to make a $10 million donation to the Philadelphia-based Pew Charitable Trusts to fund wellness and health programs for Philadelphia. After the City Council failed to pass his proposal, Mayor Nutter has explained the ABA's defeat of his proposal in the following way: "The beverage industry takes the position that you can't allow this to happen anywhere at any time, based on the slippery-slope theory. . . . They're successful the old-fashioned way. They pay for it."[6] Again, the willingness of the beverage industry to place significant financial resources behind an opposition campaign appears to be one of the key factors in defeating an SSB tax proposal. In addition, lobbyists for the opposition used several common arguments during the debate including advancing the idea that the SSB tax proposal would result in job loss, place an additional burden on working families who cannot afford it, and is unnecessary because SSBs do not cause obesity by themselves.[7]

- **Washington:** In February 2010, Governor Chris Gregoire (D) originally proposed an excise tax of five cents on a 12-ounce can of soda.[8] The state legislature ultimately passed an excise tax of two cents on a 12-ounce can of soda which the Governor signed into law. Governor Gregoire's messaging around the soda excise tax framed it as a one of several new taxes aimed at discretionary purchases. [9] Despite being the first successful SSB tax proposal in the form of an excise tax in the nation, the soda tax was ultimately repealed by a ballot initiative on November 2, 2010.[10] The ABA framed the issue as a tax on both food and beverages because the tax also applied to candy and certain locally-processed foods.[11]

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[4] Hartocollis, A. (2010, July 2). Failure of State Soda Tax Plan Reflects Power of an Antitax Message. *The New York Times*, pars. 1-29. Retrieved from http://www.nytimes.com/2010/07/03/nyregion/03sodatax.html?pagewanted=all, pars. 2-28.
[5] Yale University Rudd Center for Food Policy and Obesity, op. cit., p. 1.
[6] Hartocollis, A., op. cit., par. 9.
[7] Shields, J. (2010, March 11). Lobbyists Lining Up Against Nutter's Soda Tax. *The Philadelphia Inquirer*, pars. 1-33. Retrieved from http://www.philly.com/philly/news/homepage/87313487.html, par. 8.
[8] Garber, A., & Brunner, J. (2010, February 17). Gregoire Proposes New Taxes on Soda, Water, Candy. *The Seattle Times*, pars. 1-36. Retrieved from http://seattletimes.nwsource.com/html/localnews/2011109601_webtaxes17m.html, par. 30.
[9] Hartocollis, A., op. cit., pars. 5, 15.
[10] Garber, A. (2010, November 2). Voters Reject State Income Tax, Candy-Soda Tax. *The Seattle Times*. Retrieved from http://seattletimes.nwsource.com/html/localnews/2013329508_elextaxinits03m.html, par. 2.
[11] Peters, J (2010, July 13). Soda Taxes Fizzle in Wake of Industry Lobbying. *The Washington Post*, pars 1-14. Retrieved from http://www.washingtonpost.com/wp-dyn/content/article/2010/07/13/AR2010071303494.html, pars. 4, 10.

Conclusion

Those engaging in an SSB tax campaign should expect well-financed and well-practiced opposition from the ABA and its common allies. In order to enact a proposal into law, sufficient financial resources need to be placed behind a carefully planned campaign strategy to ensure that sound campaign planning is not overwhelmed in the face of what is sure to be a robust opposition effort both before and after the passage of an SSB tax.