

Sugary Drink Tax FAQ



What are sugary drinks?

Sugary drinks include more than just soda. Examples of sugary drinks, also called Sugar-Sweetened Beverages (SSBs) include but are not limited to regular soda (not sugar-free), fruit drinks, sports drinks, energy drinks, sweetened waters, and coffee and tea beverages with added sugars. These drinks have high amounts of added, not natural, sugar. The tax would not apply to 100% juice or milk products.

Does passing a resolution mean passing the tax?

No, passing a resolution only tells California state legislature that your city supports overturning AB 1838. If enough cities sign resolutions supporting this cause, then the state should listen to its people to restore power local governments previously had and overturn AB 1838. Once AB 1838 is overturned, cities will be able to locally make the decision if they would like to pass a sugary drink excise tax based on what is best for their residents. Signing a resolution to overturn AB 1838 is the first step and what we are asking of you today.

What is an excise tax?

An excise tax is an indirect tax that is not paid by the customers directly. Instead, the excise tax is imposed on the manufacturer, in this case sugary drink corporations, who then decide whether or not to include it in the product price.

Who will be taxed?

This is an excise tax on sugary drink corporations. This is not a sales tax on consumers. This is also not a tax on retailers.

Will this hurt our local businesses?

No, sugary drink excise taxes do not hurt local business or increase unemployment. In fact, a Philadelphia study found they increased food sector revenue by 15% and increase food jobs by 7.2% after implementing a sugary drink excise tax.¹

I've heard sugary drink excise taxes be called regressive – What is a regressive tax?

A regressive tax is one where the average tax burden is on low-income residents. Low-income taxpayers pay a disproportionate share of the tax burden, while middle- and high-income taxpayers shoulder a relatively small tax burden.

Would an excise tax on sugary drinks be regressive?

No, the tax addresses the root of what is truly hurting African American, Hispanic and low-income families and individuals. Corporations' actions through their unethical campaigns are regressive. Big Soda spends millions each year specifically target marketing these individuals and families. In fact, African-American children see more than *twice* as many television ads for sugary drinks than their White peers.² Coca-Cola alone spent nearly \$38 million in 2017 on advertisements directed toward Spanish-language TV and ads aimed at youth.³ This could be a factor why here in San Diego County, Hispanic children are nearly *twice* as likely to be overweight and obese as compared to their White peers.⁴ These appalling business tactics profit Big Soda and foster an environment that promotes poor health, and in turn the lives, of African American and Hispanic children. Therefore, it is essential that money from a sugary excise tax be put back into these very communities to reduce the burden of diet-related diseases and address health inequities.

Are sugary drinks really that bad?

Yes, there isn't any science – even beverage industry funded science – that says sugary drinks are good for you. Yet, there is countless research on the negative effects that they have on our health, including kids. They are the number one source of added sugar in the American diet. A 2015 review found that the risk for heart disease may rise as much as 17% and risk of hypertension by 8% by drinking only one sugary drink a day.⁵ A recent CDC study found that 40% of all children will develop Type 2 diabetes in their lifetimes.⁶ And for African American and Latino children the future is even graver with 1 in 2 developing it.⁶ Sugary drinks are a primary contributor to the declining health of our children.

If a sugary drink tax is passed - how do you know it will work?

Sugary drink taxes are modeled on other successful taxes initiatives, like tobacco taxes. These taxes work in three ways

1. *Raise awareness*: The public discussion about this proposed tax is already raising awareness about the link between sugary drinks, diabetes and other life-threatening diseases, and how the beverage industry targets its marketing towards African American, Hispanic and low-income families and individuals, especially youth.

2. *Reduce consumption:* After Mexico passed a similar sugary drink excise tax at the national level, consumption of sugary drinks decreased by 7.6% in the first two years of implementation.⁷ It's one example among many others that show a sugary drink excise tax will decrease consumption and save lives.^{8,9}
3. *Raise revenue for community programs that combat the influence of sugary drink marketing:* Revenue from the tax could fund community- and school-based programs in your city. These give families the tools to make healthy choices about what they eat and drink.

How can I get more involved?

To overturn AB 1838, we need to show state legislatures that our city is in support by urging them to sign a Resolution Letter. Nearly ten California cities and two counties have either passed City Council or County Board Resolutions or sent letters of support based on an existing policy and over 30 organizations have already signed on to back this effort. Visit the CA4Less Soda Website to voice your support and find out more ways to assist residents hit hardest from the impacts of COVID-19 and create healthier communities for years to come.

CA4Less Soda Website – [Click Here](#)