

Frequently Asked Questions

NYS Sugar-sweetened Beverage (SSB) Tax

SSB Tax Basics

Q. What are sugar-sweetened beverages?

A: For the proposed tax, sugar-sweetened beverages are soft drinks that contain more than 10 calories per 8 ounces. They include sweetened water, soda, sports drinks, “energy” drinks, colas, sweetened bottled coffee or tea, and sweetened fruit or vegetable drinks containing less than 70% natural fruit or vegetable juice. Milk, milk products, milk substitutes, dietary aids, and infant formula are exempt.

Q. Is maple syrup included?

A. Maple syrup would not be taxed. Honey would not be taxed. Only beverage syrups are included in the excise tax.

Q. How is the tax collected?

A. The tax is levied at the first point in the supply chain - so when the beverage syrup is first manufactured, the beverage is first bottled or when the beverage syrup or beverage is first imported in to the state from out of state. The manufacturer, bottler, or distributor is responsible for paying the tax.

Q. Are sales from Indian reservations taxable?

A. As stated above, the tax is levied at the first point in the supply chain. The manufacturer, bottler, or distributor is responsible for paying the tax.

Q: How much will the cost increase be for a 2-liter bottle of sugar-sweetened soda? How much for a 12-ounce can of sugar-sweetened soda? How much for a 12-pack of sugar-sweetened soda?

A: A 2-liter bottle of soda contains 68 ounces; the increase in the cost of a 2-liter bottle of sugar-sweetened soda would be 68 cents. The cost increase for a 12-ounce can of sugar-sweetened soda would be 12 cents. The cost increase for a 12-pack of sugar-sweetened soda would be \$1.44.

Q: How many states, in addition to New York State, have proposed taxing sugar-sweetened beverages during 2009 or 2010?

A: Twelve (12) states. Arizona, California, Colorado, Connecticut, Hawaii, Massachusetts, Michigan, New Hampshire, New Mexico, Rhode Island, Tennessee, and Vermont.

Rationale for a SSB tax

Q: Why tax sugar-sweetened beverages?

A: Taxing sugar-sweetened beverages is likely to lead to a decrease in consumption, especially among population groups that are most sensitive to price, e.g., children, low income populations, and those with higher intakes of sugar-sweetened beverages. These are the same groups who are most likely to suffer negative health impacts from high sugar-sweetened beverage consumption. A decrease in sugar-sweetened beverage consumption is likely to reduce calorie intake and lead to better weight status. Increasing the cost of sugar-sweetened beverages relative to the cost of healthier beverages (such as water and low-fat milk) may lead to an increase in the consumption of the healthier beverages. A similar tax on tobacco products has contributed to a significant decrease in cigarette consumption and smoking rates, particularly among children.

Q: Why tax only sugar-sweetened beverages? Other foods, like *Twinkies* and *Ding Dongs*, provide empty calories.

A: There is significant evidence linking sugar-sweetened beverage consumption with obesity and other health problems. Studies that follow people for a long time show that people who consume more sugar-sweetened beverages gain more weight. One article that reviewed many studies found that drinking sugar-sweetened beverages had the strongest link with overweight and obesity, more than any other food-related behavior. When people drink a sugar-sweetened beverage, they do not compensate (i.e., reduce their concomitant or subsequent caloric intake) for the additional calories from the drink. So the calories from the drink become “extra” calories.

Q: Will this level of tax really cause a decrease in consumption?

A: Two studies show that increasing price can decrease consumption. One completed by the U.S. Economic Research Service found that a 10% increase in the price of soda would lead to an 8% reduction in consumption among low income populations.

In a Norwegian study, increasing the price of soft drinks by 10.8% was estimated to decrease consumption by nearly 7% in the lowest consumption group, by 17% in the highest consumption group, and by an average 9.5% overall. Increasing the price by 27.3% was associated with a drop in consumption of 17% in the lowest use group, 44% in the highest use group, and an overall 24% reduction in consumption across the population.

Q: Instead of taxing people, why not educate them about the health consequences of sugar-sweetened beverage consumption?

A: Public education campaigns alone are rarely effective in changing behavior. They are most effective when combined with other public health interventions, like price increases, that provide a financial incentive for people to change their behavior. Most people know that soda is not a healthy choice. The cost of an effective public awareness campaign to discourage soda consumption would be quite expensive. The tax creates an environment that encourages people to make healthier choices, in the same way that the tobacco tax discourages people from smoking.

Q: Shouldn't all sodas be taxed, diet and non-diet? Diet sodas are not good for people, either. Won't the tax encourage people to drink diet soda?

A: While drinking diet soda is not recommended, the evidence linking its consumption with poor health outcomes, especially obesity, is weaker than the evidence for sugar-sweetened sodas. Since the tax is designed to reduce obesity, the evidence around diet sodas and obesity would need to be stronger for their inclusion. The most healthful drinks are water and low-fat or fat-free milk. With increased public awareness surrounding the tax, we expect people to switch from drinking all types of soda (diet and non-diet) to healthier beverages like water and low-fat milk.

Q: Why isn't juice taxed?

A: There are several reasons why juice is not considered in the same category as sugar-sweetened beverages. First, the link between excess fruit juice consumption and obesity is not as consistent as with sugar-sweetened beverages. Second, 100% juice has no added sugar and provides many of the same nutritional benefits as the fruit from which it is derived, such as vitamin C, folate, and potassium. Third, while the consumption of fruit juice has increased over the past two decades, the increase is not as marked as the increase in soda consumption, which has nearly doubled. Last, although the majority of fruit servings should come from whole fruit to ensure adequate fiber intake, one serving of 100% fruit juice per day can be part of a healthy diet. The *Dietary Guidelines for Americans*, the American Academy of Pediatrics, and federal nutrition programs, such as the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and Child and Adult Care Food Program (CACFP), recommend that a variety of fruits and vegetables should be consumed each day, of which one serving per day (4 to 6 fluid ounces) can be 100% fruit or vegetable juice.

SSB Consumption

Q: How many calories should the average person consume per day?

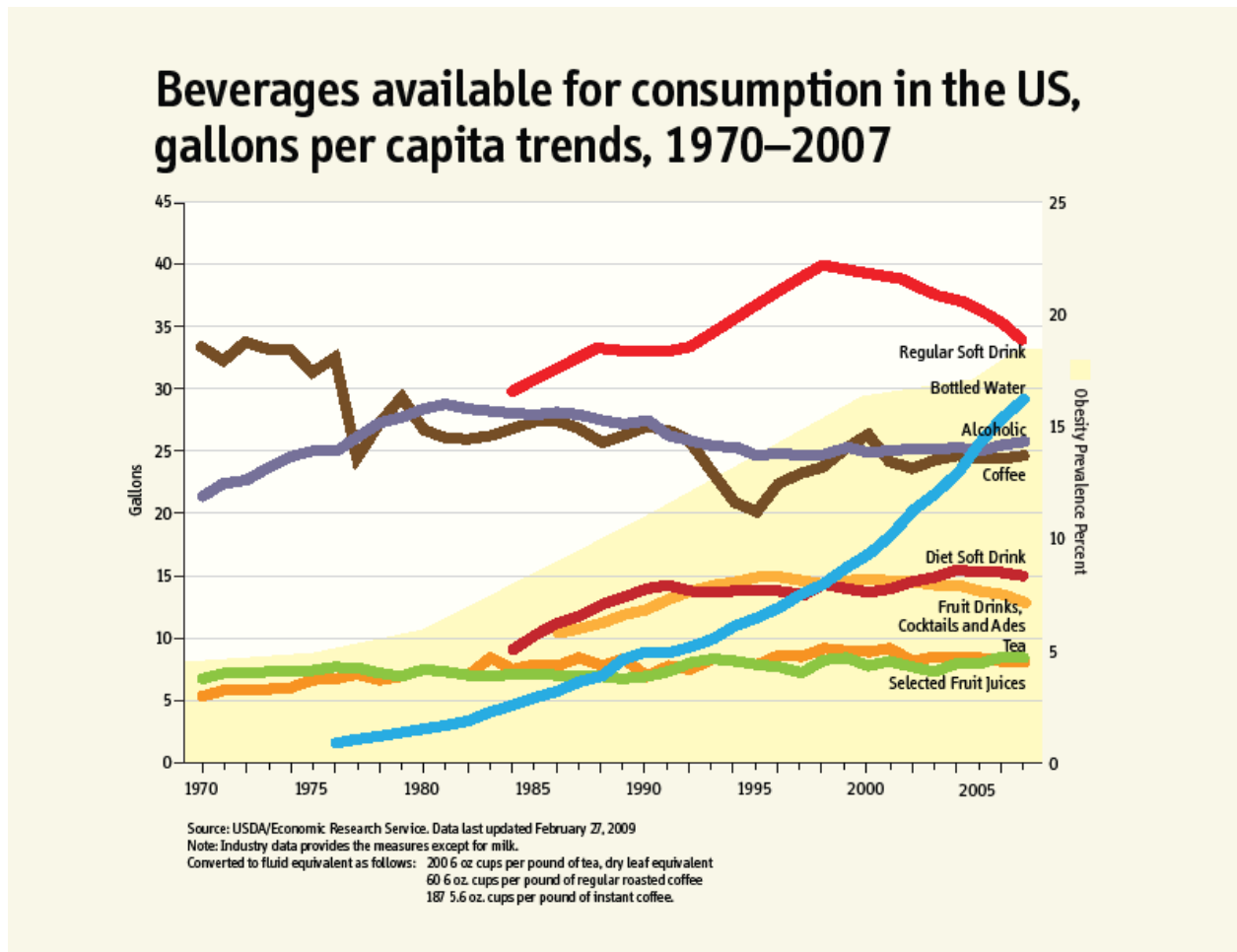
A: The average recommended daily calorie intake is 2000 calories per day.

Q: How many calories per day do people typically consume from SSB?

A: For adults 20 years and older, the average daily per capita caloric consumption of SSB was 203 calories/day. For the 64% of adults who consumed SSB on the surveyed day, SSBs contributed 294 calories/day. (Bleich, et al, *Am J Clin Nutr*, 2009).

For the 80% of children (aged 2-19 years) who consumed a SSB on the surveyed day, SSBs contributed 278 calories/day; among adolescents (12-19 years of age) SSB contributed 16% of calories/day and among younger children (2-11 years of age) SSB contributed 11% of calories/day. (Wang, et al, *Pediatrics*, 2008)

The Alliance for a Healthier Generation reports that about 15 percent of an average teenager's calories come from SSBs. (<http://www.healthiergeneration.org>)



Q: What would be the estimated weight loss based on a 10-15% predicted reduction in average SSB consumption following a SSB tax of 1 cent per ounce?

A: Average caloric intake would be reduced 20-30 calories per day which translates into an average weight loss of 2-3 pounds per year. The tax, however, is expected to have the greatest impact on consumers and youth who consume the most SSBs; they would be expected to reduce their intakes even more and thus accrue greater benefits.

Q: Will reducing SSB consumption really reduce weight?

A. Several studies have demonstrated that reductions in SSBs result in reduced caloric consumption and weight loss. These findings are most evident among those who are overweight or obese.

a. The PREMIER study in adults with pre-hypertension and stage 1 hypertension found that reducing SSB intake from an average of 310 calories/day to 228 calories/day was associated with weight loss at 18 months (1.4 pounds per SSB serving/day). In addition, reducing liquid calories (from SSBs) had a stronger impact on weight loss than a similar reduction in calories from solid foods. (Chen, et al, *Am J Clin Nutr*, 2009)

b. A comparable randomized controlled study in adolescents found that among those who were overweight those randomized to replace SSBs with non-caloric beverages had a significant decrease in body mass index (BMI) compared to the control group. (Ebbeling, et al., *Pediatrics*, 2006)

Cost to Consumers

Q: How much will the sugar-sweetened beverage tax cost the average New Yorker?

A: Consumption of sugar-sweetened beverages by U.S. adults was about 46 gallons per year per person in 1999-2004. If a person did not change his/her consumption, it's possible that he/she would spend an additional \$59 per year on sugar-sweetened beverages. If one reduced his/her consumption by 10% (as predicted) in response to an increase of one cent per ounce, the cost of the tax would be significantly offset by the savings from purchasing fewer sugar-sweetened beverages. In this case, the net cost impact would be an additional \$18 per year. However, if an adult replaced half of his/her average 46 gallons/year intake of sugar-sweetened beverages (-23 gallons) with equal amounts of tap water (+11.5 gallons) and low-fat milk (+11.5 gallons), he/she would save about \$100 per year.

Q: Do all New Yorkers consume 46 gallons per year of sugar-sweetened beverages?

A: No. This is an average for U.S. adults. Some people do not consume any soft drinks; others consume more than 46 gallons per year. Those who consume the greatest amounts, usually reduce their consumption the most in response to a price increase, and thus save the most money and improve their health the most as a consequence.

Q: Won't the sugar-sweetened beverage tax hurt the poor disproportionately?

A: Sugar-sweetened beverages are a discretionary beverage; they are not needed at all. Soft drinks provide no needed nutrients; they simply add calories to the diet. While surveys in New York State, and in NYC show that people with lower incomes and lower educational attainments drink more soft drinks than those with higher incomes and more education, all New Yorkers would save money by making a switch from drinking sugar-sweetened beverages to drinking healthier beverages, such as low-fat milk and tap water.

Q: Won't the tax increase families' food costs greatly?

A: It would only increase food costs if families continue to buy similar amounts of sugar-sweetened beverages as they did before the tax. If adults continue to consume the average amount of sugar-sweetened beverages, 46 gallons per year, the added cost from the tax would be \$59 per year per person. If they decrease their consumption of sugar-sweetened beverages by 10%, the cost of the tax would be significantly offset by the savings from purchasing fewer sugar-sweetened beverages. In this case, the net cost impact would be an additional \$18 per year per person. If an adult replaced half of his/her yearly intake of sugar-sweetened beverages with tap water and low-fat milk (in equal amounts, i.e., 11.5 gallons per year of each), he/she would save about \$100 per year and greatly improve his/her nutrition.

SSBs and Obesity

Q: Don't SSBs contribute too little to the diet to be meaningful to address for obesity reduction?

A: A review of the evidence related to 28 dietary factors thought to be associated with obesity in children, found that intake of SSBs was the only dietary practice that was consistently linked to overweight in children. (Crawford, et al. *A J Am Diet Assoc*, 2008)

A meta-analysis of 88 studies found that SSB intake was associated with increased calorie intake and body weight. (Vartanian, et al, *Am J Public Health*, 2007)

Q: If people drink fewer SSBs, won't they just consume more calories in other foods?

A: Studies show that the body deals with calories from liquids differently than calories from solids. When people drink a SSB, they don't compensate (i.e., reduce calories consumed from other food sources at the same or subsequent meal) as much as when they consume calories from solid foods. Thus, SSBs tend to provide extra calories in the diet. For example, subjects who ate 450 calories per day for 4 weeks from jelly beans (a solid carbohydrate), reduced their caloric intake from other foods by about the same number of calories and their body mass index (BMI) did not change. When the same subjects drank 450 calories per day for 4 weeks of a sugar-sweetened soda, they did not reduce their daily calorie intake from other foods. Consequently, they consumed an additional 450 calories per day and their weight and BMI increased. (DiMaggio and Mattes. *Int J Obes Relat Metab Disord*, 2000)

Q: With reports indicating that obesity rates are starting to level off in children, why is there concern about continuing to address it?

A: Obesity rates in children and adolescents are 3 to 4 times higher than they were 30-40 years ago. While the increase in weight has slowed, the rates are still very high. Among elementary school students in NYS, 38-43 percent are overweight or obese; 20-24 percent are obese while an additional 18-19 percent are overweight. Among low-income children, aged 2-5 years, 32 percent are overweight or obesity; 15 percent are obese and another 17 percent are overweight.

Among adults, obesity rates continue to be high. Currently 25 percent of New York adults are obese and another 35% are overweight. Adults who are overweight or obese still need help to lose weight and/or avoid gaining excess weight. The Healthy People 2010 goal for obesity rates in adults is less than 15%, and for obesity rates in children, the goal is less than 5%.

Q: Isn't lack of exercise the real problem in obesity?

A: In terms of weight maintenance, it's much easier not to consume extra calories than to burn them off. For example, an average adult would need to walk 27 minutes (or almost two miles) at a moderate pace to burn the calories contained in one 12-ounce can of soda (150 calories). And this is in addition to the recommended 150 minutes per week of moderate physical activity to decrease risk for chronic disease. It would take 46 minutes of walking to burn off a 20 ounce soda (250 calories). The majority of adults do not meet the recommended 150 minute per week guideline, so it's unlikely they'll find time to walk the additional minutes to cover soda consumption. A 75 pound child (average 10-year-old child) would need to bicycle vigorously for about 30 minutes to burn off a 12 ounce can of soda. The most effective way to reduce weight and maintain a healthy weight is pay attention to both diet and physical activity – eat less and move more.

Q: How much does New York spend each year on medical care for obesity-related conditions?

A: According to a report by New York State Comptroller DiNapoli, New York ranks second among U.S. states in adult obesity-related medical expenditures, with total spending estimated at nearly \$7.6 billion; 81%, of which, is paid by Medicaid and Medicare, far exceeding the national average of 52%.

Beverages Industry Response

Q: How much has the beverage industry's lobbying increased since a soda tax was first suggested at the end of 2008?

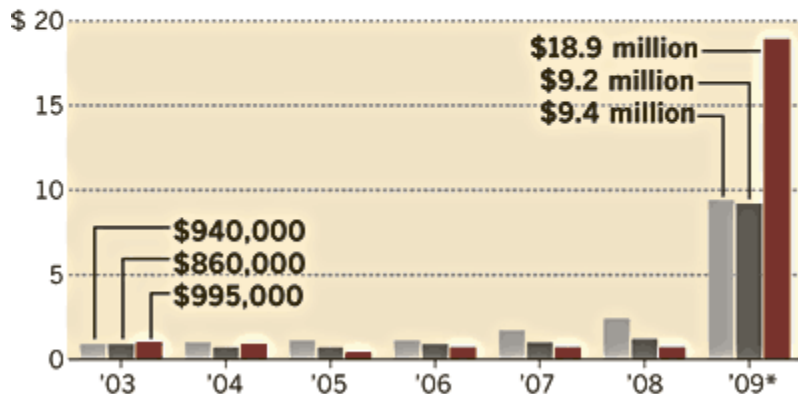
A: There has been a 13-fold (1300 %) increase in dollars spent by the beverage industry in lobbying, and increase from \$2.8 million in 2003 to \$37.5 million in 2009 (by Coca-Cola, PepsiCo, and the American Beverage Association).

Beverage industry lobbying

As advocates pressed for a federal tax on sugared soft drinks last year, the beverage industry launched an intense lobbying effort against it. Annual amounts spent on lobbying by three major players:

■ Coca-Cola ■ PepsiCo ■ American Beverage Assn.

(Scale in millions)



*2009 data from Los Angeles Times/Tribune research

Source: Center for Responsive Politics. Graphics reporting by **KIM GEIGER**

Los Angeles Times

Q: Isn't the beverage industry opposed to the tax?

A: The beverage industry strives to maximize profits by selling as many sugar-sweetened beverages as possible. They want people to believe that sugar-sweetened beverages do not contribute to obesity or any other health problems. They are expected to be against anything that might decrease consumption and, therefore, their sales' revenue.

Q: Won't this tax hurt businesses that sell sugar-sweetened beverages by decreasing revenue?

A: It's likely that some people who would have bought sugar-sweetened beverages will buy a different beverage, for example bottled water, unsweetened flavored seltzer, unsweetened tea or low-fat milk. However, if some people choose to drink tap water instead of a bottled sweetened beverage, some businesses may see a decrease in revenue.

Q: Haven't beverage companies taken some steps to help children have healthier drinks in schools?

A: Beverage manufacturers (PepsiCo, Coca-Cola Beverages, Dr. Pepper-Seven Up Group Beverages, Bantam Beverage, Inc., 4U2U Brands, LLC, and Campbell Soup Company) have partnered with the Clinton Foundation and the American Heart Association to support the Alliance for a Healthier Generation. They have voluntarily removed full-calorie SSBs from schools in recognition of the important role that full-calorie beverages can play in contributing to childhood obesity. This initiative has changed the mix of products available in vending machines in schools -- increasing healthier options, reducing the amount of sugar that youth consume during the school day and providing lower calorie and more nutritious beverage options for children in schools. According to the Alliance for a Healthier Generation, as a result of this initiative, the number of calories consumed from vended beverages in schools has decreased by 58 percent from 2004 to 2008. There have been no reports of vending contractors pulling vending machines from schools indicating that vendors have made these changes while remaining profitable.

Q: Aren't people opposed to a tax on sugar-sweetened beverages?

A: A majority of New York adults support a tax on sugar-sweetened beverages. In a poll conducted by the Citizens' Committee for Children of New York in December of 2008, 72% of the people polled supported a tax on sugar-sweetened beverages if the revenue raised was to be used to address childhood obesity and to reduce the need to cut services and raise other taxes. However, if the funds were not going to be dedicated to health issues, then only 52% of those polled supported the tax.

Q: If people do decrease sugar-sweetened beverage consumption, won't that hurt beverage companies, possibly causing lay-offs?

A: The proposed tax is expected to lead to a 10-15% reduction in sugar-sweetened beverage consumption; this would not be sufficient to cause significantly decreased production and lay-offs. Some people will replace sugar-sweetened beverages with alternative beverages, many of which are produced by the same beverage companies. Thus, there may be an increase in demand for healthier beverages, such as water, non-caloric flavored seltzers, and unsweetened ice tea, which would partially compensate for the reduced demand for sugar-sweetened beverages. Beverage companies already manufacture, distribute and market many lower calorie beverages, and thus are well positioned to take advantage of and meet this shift in consumer preferences.

Q: Isn't this just a way to increase revenue for the state?

A: While revenue would be generated by the sugar-sweetened beverage tax and used for health related initiatives, the measure is designed to do both--decrease consumption of sugar-sweetened beverages, just as the cigarette tax is levied to decrease tobacco use -- and improve health, as well as provide needed revenue. Revenue generated from this tax will go to the New York State Health Care Reform Act (HCRA) Resources Fund to be used for health care and health related initiatives.