

## ***New Sweetened Beverage Tax***

To fund these investments in education and food access, Mayor Murray will propose a local tax on naturally and artificially sweetened drinks including soda, energy drinks, juice and sweetened teas. The proposed ordinance would impose a \$0.0175 per ounce tax on distributors of sugar sweetened drinks.

Several other cities have implemented similar taxes to fund critical issues such as education, and have found additional health benefits. The Centers for Disease Control and Prevention has said soda taxes are "the single most effective remedy to reverse the obesity epidemic," and a similar tax in Berkeley, Calif. reduced the consumption of sugary drinks by 10 percent.

The proposed tax is expected to raise \$23 million the first year, and \$18 million in subsequent years as consumption of sweetened beverages is projected to decrease. Revenue will be used to fund programs recommended by the Education Summit Advisory Group, Birth to Five programs and programs aimed at providing healthy food access to low-income residents. As a declining source of income, not all revenues raised will be invested in ongoing programs; 20 percent of the revenue raised will be invested in one-time capital or time-limited projects such as creation of water bottling filling stations or health education programs.

### ***Who would pay?***

- ◇ The tax will be levied on distributors of sweetened beverages and related products in the City.
- ◇ The tax would be applied to all distributors regardless of the size of the business.

### ***What products would be subject to the tax?***

- ◇ The ordinance defines sweetened beverages to include liquids with caloric and non-caloric (diet) sweeteners, syrups and powders that are used to prepare sweetened beverages, including:
  - Sodas
  - Energy and sports drinks
  - Fruit drinks
  - Sweetened teas and ready-to-drink coffee drinks
- ◇ The ordinance exempts such beverages as 100% fruit juice, infant formula, medicine and milk-based products.

### ***What about concerns regarding the impact on those with low-incomes and communities of color?***

- ◇ Staff from the Mayor's office and the office of Councilmember Burgess completed a *Racial Equity Toolkit* (RET) in order to address the disparate impacts that the proposed tax may have on people with low-incomes and communities of color.
- ◇ After engaging in discussions with community advocates, public health professionals and business owners, the inclusion of diet drinks, increased investments in healthy food access and lowering the tax emerged as recommendations that could address the disparate impact of the proposed tax on these communities.