

Res. A-09-18

January 14, 2018

TITLE: One Cent Per Ounce Excise Tax on Sugar-Sweetened Beverages*

Introduced by: Rossan Chen, MD MSc, Matt Symkowick, MD

Endorsed by: Napa and Solano CAFP chapters

WHEREAS, a 12-ounce can of regular soda has about 40 grams (10 teaspoons) of sugar¹; and

WHEREAS, an eight-ounce fruit punch has about 30 grams (seven teaspoons) of sugar²; and

WHEREAS, sugar-sweetened beverages are the largest contributors of added sugars in American diets³; and

WHEREAS, sugar-sweetened beverages are the top source of total calories among American teenagers⁴; and

WHEREAS, unlike sugar from food, sugar from beverages enters the body quickly and overloads the liver and pancreas's ability to process the sugar; and

WHEREAS, sugar raises insulin levels, which is directly and indirectly implicated in insulin resistance, obesity, diabetes, hypertension, hypertriglyceridemia, heart disease, stroke, dementia, and cancer⁵; and

WHEREAS, consuming one to two sugary drinks per day increases the risk of diabetes by 26 percent⁶ and two or more sugary drinks per day increases the risk of heart attack by 35 percent⁷; and

WHEREAS, diabetes affects 9.4 percent (30.3 million) of Americans of all ages and pre-diabetes affects 34 percent (84.1 million) of American adults⁸; and

¹ Coca Cola Product Facts, <http://www.coca-colaproductfacts.com/en/products/coca-cola/>

² My Fitness Pal, <http://www.myfitnesspal.com/food/calories/tropicana-fruit-punch-fountain-280960748>

³ American Heart Association, <https://web.archive.org/web/20090828151637/http://americanheart.mediaroom.com/index.php?s=43&item=800> August 24, 2009. Accessed December 14, 2017.

⁴ National Cancer Institute. Mean Intake of Energy and Mean Contribution (kcal) of Various Foods Among US Population, by Age, NHANES 2005–06. Accessed December 14, 2017.

⁵ Taubes, G. *Good Calories, Bad Calories: Challenging the Conventional Wisdom On Diet, Weight Control, and Disease*. New York: Knopf, 2007.

⁶ Malik VS, Popkin BM, Bray GA, Després J-P, Willett WC, Hu FB. Sugar-sweetened beverages and risk of metabolic syndrome and type 2 diabetes: a meta-analysis. *Diabetes Care*. 2010 Nov;33(11):2477-83.

⁷ Fung TT, Malik V, Rexrode KM, Manson JE, Willett WC, Hu FB. Sweetened beverage consumption and risk of coronary heart disease in women. *Am J Clin Nutr*. 2009;89(4):1037-42.

⁸ National Diabetes Statistics Report, 2017. <https://www.cdc.gov/diabetes/pdfs/data/statistics/national-diabetes-statistics-report.pdf> Accessed December 14, 2017.

WHEREAS, medical costs for overweight and obesity are estimated to be \$147 billion, or 9.1 percent of US health care expenditures, half of which is paid for publicly through Medicare and Medicaid⁹; and

WHEREAS, existing state sales taxes on soft drinks are too low to affect consumption and the revenues are not earmarked for programs related to health¹⁰; and

WHEREAS, an excise tax of one cent per ounce on sugar-sweetened beverages could prevent 2.4 million diabetes person-years, 30,000 heart attacks, 8,000 strokes, 26,000 premature deaths, and avert more than \$17 billion in medical costs over 10 years¹¹; and

WHEREAS, Berkeley, San Francisco, Oakland, and Albany, California have already successfully implemented local “soda taxes” of one cent per ounce on sugar-sweetened beverages; and

WHEREAS, a UC Berkeley study showed a 21 percent decrease in sugar-sweetened beverage consumption and a 63 percent increase in bottled and tap water consumption among low-income neighborhoods in Berkeley one year after the soda tax was implemented¹² yet overall consumer spending did not increase¹³; and

WHEREAS, the US Department of Health and Human Services reports that a national one cent per ounce tax on sugar in soda could generate \$14.9 billion in the first year alone¹⁴ and California could generate \$1.1 billion annually¹⁵; and

WHEREAS, the tax revenue generated from the excise tax could be used to subsidize the health care costs incurred from consumption of sugar-sweetened beverages, subsidize healthier foods and beverages, nutrition education and/or obesity prevention research; and

WHEREAS, while opponents may argue that a soda tax would be regressive, the tax on sugar-sweetened beverages would disproportionately benefit the poor by improving health, lowering expenditures on beverages, and supporting obesity prevention, health care and/or school nutrition programs; and

WHEREAS, similarly modeled tobacco taxes have been shown to be an effective, non-regressive tool to reduce harmful tobacco use, increase awareness of the adverse health effects of tobacco, fund further research in tobacco harms and successful cessation practices, and reduce tobacco-associated healthcare costs¹⁶; now, therefore be it

⁹ Finkelstein EA, Trogon JG, Cohen JW, Dietz W. Annual medical spending attributable to obesity: payer-and-service-specific estimates. *Health Aff (Millwood)* 2009;28:w822-w831.

¹⁰ Brownell KD, Farley T, Willett WC, Popkin BM, Chaloupka FJ, Thompson JW, Ludwig DS. The public health and economic benefits of taxing sugar-sweetened beverages. *N Engl J Med.* 2009 Oct;361(16):1599-1605

¹¹ Wang YC, Coxson P, Shen Y-M, Goldman L, Bibbins-Domingo K. A Penny-Per-Ounce Tax On Sugar-Sweetened Beverages Would Cut Health and Cost Burdens of Diabetes. *Health Affairs* 31, No. 1 (2012): 199-207.

¹² Falbe J, Thompson H, Becker C, Rojas N, McCulloch C, Madsen K. Impact of the Berkeley Excise Tax on Sugar-Sweetened Beverage Consumption. *American Journal of Public Health* 106, no. 10 (October 1, 2016): pp. 1865-1871.

¹³ Silver LD, Ng SW, Ryan-Ibarra S, Taillie LS, Induni M, Miles DR, Poti JM, Popkin BM. (2017-04-18). Changes in prices, sales, consumer spending, and beverage consumption one year after a tax on sugar-sweetened beverages in Berkeley, California, US: A before-and-after study. *PLOS Medicine.* 14 (4): e1002283.

¹⁴ Congressional Budget Office, 2008, *Budget Options Volume 1: Health Care*, December, <https://www.cbo.gov/system/files/110th-congress-2007-2008/reports/12-18-healthoptions.pdf> Accessed December 14, 2017.

¹⁵ Rudd Center for Food Policy and Obesity. Revenue calculator for soft drink taxes. (Accessed January 14, 2018, at <http://www.uconnruddcenter.org/revenue-calculator-for-sugary-drink-taxes>)

¹⁶ Chaloupka FJ, Yurekli A, Fong GT. Tobacco Taxes as a Tobacco Control Strategy. *Tobacco Control*, 2012, BMJ Journals, 21 pp. 172-180.

RESOLVED, That the CAFP work with state legislators for a state-wide excise tax of one cent per ounce on sugar-sweetened beverages and advocate for the AAFP to work with Congressional leaders to implement a nation-wide excise tax of one cent per ounce on sugar-sweetened beverages, exempting beverages sweetened with artificial sweeteners, such as aspartame or saccharine given the current lack of strong scientific evidence that they are associated with deleterious health effects, but closely tracking studies to determine whether taxing might be justified in the future; and be it further

RESOLVED: That the revenue generated from a state-wide and/or a nation-wide excise tax of one cent per ounce on sugar-sweetened beverages be earmarked to support childhood nutrition programs, obesity-prevention research, and subsidizing healthier foods and beverages.

* Sugar-sweetened beverages are defined as carbonated and uncarbonated beverages that contain added, naturally derived caloric sweeteners such as sucrose (table sugar), high fructose corn syrup, or fruit-juice concentrates. Examples include non-diet soft drinks, fruit cocktails, fruit drinks, sports drinks, energy drinks, flavored iced teas, and flavored milk and dairy drinks.

Speaker's Note: Soft Drinks in Schools Policy: that CAFP adopt a policy on Soft Drinks in Schools, similar to that put out by AAP, as follows:

- Family physicians should work to eliminate sweetened drinks in schools. This entails educating school authorities, patients, and patients' parents about the health ramifications of soft drink consumption. Offerings such as real fruit and vegetable juices, water, and low-fat white or flavored milk provide students at all grade levels with healthful alternatives. Family physicians should emphasize the notion that every school in every district shares a responsibility for the nutritional health of its student body.
 - Family physicians should advocate for the creation of a school nutrition advisory council comprising parents, community and school officials, food service representatives, physicians, school nurses, dietitians, dentists, and other health care professionals. This group could be one component of a school district's health advisory council. Family physicians should ensure that the health and nutritional interests of students form the foundation of nutritional policies in schools.
 - School districts should invite public discussion before making any decision to create a vended food or drink contract.
 - If a school district already has a soft drink contract in place, it should be tempered such that it does not promote over-consumption by students.
 - Soft drinks should not be sold as part of or in competition with the school lunch program, as stated in regulations of the US Department of Agriculture.
 - Vending machines should not be placed within the cafeteria space where lunch is provided. Their location in the school should be chosen by the school district, not the vending company.
 - Vending machines with foods of minimal nutritional value, including soft drinks, should be turned off during lunch hours and ideally during school hours.
 - Vended soft drinks and fruit-flavored drinks should be eliminated in all elementary schools.
-

- Incentives based on the amount of soft drinks sold per student should not be included as part of exclusive contracts.
- Within the contract, the number of machines vending sweetened drinks should be limited. Schools should insist that the alternative beverages listed in recommendation 1 be provided in preference over sweetened drinks in school vending machines.
- Schools should preferentially vend drinks that are sugar-free or low in sugar to lessen the risk of excessive weight gain and/or obesity.
- Consumption or advertising of sweetened soft drinks within the classroom should be eliminated.

A-2-04, 4/04 CoD

Fiscal Note:

1. PROBLEM STATEMENT: What specific practice problem does this resolution seek to solve, or, if this resolution pertains to a proposed new CAFP policy or change of policy, what issue does it seek to address?

This resolution seeks to emulate the success of taxes on tobacco and alcohol. Like these existing excise taxes, revenue generated from taxes on sugar-sweetened beverages can improve health outcomes by discouraging consumption, fund research and education in obesity prevention, and defray the health costs of sugar-sweetened beverages.

2. PROBLEM UNIVERSE: Approximately how many CAFP members or members' patients are affected by this problem or proposed policy?

All, or most, CAFP members treat patients with diabetes, obesity, and metabolic syndrome. All patients who drink sugar-sweetened beverages would be affected by such a tax. Future healthcare savings achieved through the funding of research and education would affect all patients.

3. WHAT SPECIFIC SOLUTION ARE YOU PROPOSING TO RESOLVE THE PROBLEM OR POLICY, i.e., what action do you wish CAFP to take?

Work with state and national policymakers to implement a 1 cent per ounce excise tax on sugar-sweetened beverages. Sugar-sweetened beverages is defined as carbonated and uncarbonated beverages that contain added, naturally derived caloric sweeteners such as sucrose (table sugar), high fructose corn syrup, or fruit-juice concentrates. Examples include non-diet soft drinks, fruit cocktails, fruit drinks, sports drinks, energy drinks, flavored iced teas, and flavored milk and dairy drinks. Beverages sweetened with artificial sweeteners, such as aspartame or saccharine, would be exempt given the current lack of strong scientific evidence that they are associated with deleterious health effects, however there should be close tracking of studies to determine whether taxing might be justified in the future.

4. WHAT EVIDENCE EXISTS TO: 1) INDICATE THAT A PROBLEM EXISTS; OR 2) THAT THERE IS NEED FOR A NEW OR REVISED POLICY?

The rising rates of diabetes, obesity, and metabolic syndrome are directly attributed to excess sugar and refined carbohydrates. Reducing consumption of sugar and refined carbohydrates has been shown to

reduce diabetes, obesity, and metabolic syndrome. Sugar in beverages is particularly dangerous to our health because the rapid consumption of sugar in beverages quickly overwhelms the liver and pancreas.

5. PLEASE PROVIDE CITATIONS to support the existence of the problem and your proposed solution.

See footnotes.