

THE HEALTHY EATING+ACTIVE LIVING Proposal in Illinois

WHY DO WE NEED THE HEALTHY EATING+ACTIVE LIVING PROPOSAL IN ILLINOIS?

The HEAL Proposal is expected to generate over \$600 million for health through a penny per ounce excise tax on sugary drinks.

The HEAL Proposal helps address the budget shortfall by allocating about \$500 million to the Medicaid Provider Relief Fund to help fund Medicaid and prevent proposed cuts to services. This would generate an equal amount of federal match. The remaining \$100 million would be dedicated to community health and wellness initiatives, like healthier lunches and enhanced physical education in schools; infrastructure for active lifestyles, like trails for walking and biking; and initiatives that improve access and affordability of healthy foods. Of the community funds, half would be dedicated for use in Illinois' highest need communities.

Many families in our communities are suffering from preventable conditions like diabetes, cancer, and heart disease. Sugary drinks are the single largest source of added sugar in America's diet, and science now tells us that sugary drinks contribute to high rates of diabetes, some cancers, obesity, and heart disease. Obesity costs Illinoisans over \$6 billion a year in unnecessary health care costs, including \$1 billion in Medicaid costs.

WHAT IS THE HEAL PROPOSAL AND HOW DOES IT WORK?

The HEAL Proposal provides kids, families, and communities the tools to live healthier lives through investment of funds from a small excise tax on sugary drinks. The Healthy Eating + Active Living Proposal will provide Illinois communities with opportunities for physical activity and affordable healthy food, such as healthier and better school lunches; physical education; farmers markets; and safe parks for kids and families to be active.

The excise tax is paid by sugary drink distributors on full-sugar products such as soda, fruit drinks, sports drinks, energy drinks, and sweetened coffees and teas. The HEAL Proposal does not tax diet or low-calorie drinks, 100% fruit juices, water, unsweetened coffees and teas, or milk products.

The proposal creates a Wellness Fund which is allocated to Medicaid and community prevention as described above. The community funds are administered by the Illinois Department of Public Health, with input from an advisory group of stakeholders, state agencies, and legislators. The funds are distributed to health departments and to organizations like schools, community groups, child care programs, farmers markets, and non-profit hospitals to implement prevention initiatives.

DOES THE PUBLIC WANT THE HEAL PROPOSAL?

There is strong and broad support for the HEAL Proposal among the voting public. A May 2015 poll found that by a 2-to-1 margin (65% to 30%) Illinois voters support funding Medicaid and community health with a small tax on sugary drinks. Support spans a wide range of demographics:

- Geographic: 70% of Chicagoans; 73% of Suburban Cook County residents; 59% of Collar County residents; and 62% of Downstate residents support this proposal.
- Ethnic: 75% of African-Americans; 65% of Latinos; 63% of Whites support the HEAL Proposal.
- Gender: 63% of men and 68% of women support this modest tax on sugary drinks.
- Political: 80% of Democrats; 56% of Independents; and nearly a majority of Republicans (47%) support this revenue option to address the physical and fiscal health of Illinois.

The poll also found that voters strongly support the proposal because the revenue is targeted to health; there is much less support if the sugary-drink tax revenues go for general purposes.

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WILL THE HEAL PROPOSAL THREATEN JOBS?

No. A recent study from the University of Illinois at Chicago projects no net job loss in Illinois because of a proposal like the HEAL Proposal. Water, low-calorie drinks, and diet soda—healthier beverage alternatives for people who want to avoid paying the tax—are all made by the same companies, brought by the same truck drivers, and sold in the same stores that sell regular sugary drinks. The UIC study shows there may even be a slight increase in jobs due to new local prevention and health initiatives.

IS THE HEAL PROPOSAL A REGRESSIVE TAX?

Communities of color and low-income communities bear a disproportionate share of obesity-related illnesses. Twice as many poor adults have diabetes compared to wealthier adults; half of all Latino children born after 2000 are predicted to develop type 2 diabetes in their lifetimes; and African-Americans have the highest rate of obesity in Illinois, with 42% of adults being obese.

The beverage industry targets low-income communities and communities of color with their most aggressive marketing. They specifically recruit African-American and Latino celebrities, musicians, and athletes to appeal to communities of color, practicing what has been called “regressive marketing.”

Diabetes, heart disease, and other obesity-related diseases are what are truly unfair. Poor people and minorities are hardest hit by these epidemics. By investing in Medicaid and community prevention, the HEAL Proposal puts the tax revenues right back into the communities hurt the most by these diseases.

HAVEN'T SUGARY DRINK TAXES FAILED TO REDUCE OBESITY IN OTHER CITIES AND STATES?

When opponents refer to other taxes, they are comparing apples to oranges. The taxes cited as “not working” are very small and unlikely to affect consumers' decisions; are applied to all soft drinks, not just sugary ones; and/or are levied as a sales tax and thus applied at checkout and hidden from consumers. More recently implemented taxes are working. Since the country of Mexico implemented a tax in January of 2014, a study of the impact found that sugary drink purchases dropped by 6 percent, on average, and sales of non-sugary drinks increased 4 percent. A study conducted on the impact of the Berkeley, California, sugary drink excise tax found that there was a 21% decrease in sugary drink consumption in low-income neighborhoods of Berkeley compared to a 4% increase in sugary drink consumption in comparison cities (San Francisco and Oakland) in the 4 months after implementation (and 8 months after the vote). In Berkeley, CA, \$1.5 million in revenue from their local sugary drink tax is being used to combat heart disease, diabetes and obesity through grants to promote nutrition and physical activity in schools and communities.

The HEAL Proposal places a penny-per-ounce excise tax on sugary drinks, levied on distributors before the beverage reaches the store, resulting in a slightly higher shelf price for sugary drinks compared to non-sugary drinks. Economists say this difference in price before checkout is what will encourage some consumers to choose less expensive, healthier beverage choices - thereby reducing sugary drink consumption and driving down related diseases and health care costs.

WHY IS THIS BEING BROUGHT UP NOW? WHAT CAN I DO?

Advocates are asking for the substance of the HEAL Proposal to be included as part of a final budget package. Illinois is facing an unprecedented fiscal crisis, and now is the time to consider this innovative revenue proposal that improves both the physical and fiscal health of the state.

Legislators can champion this proposal in budget negotiations, ensuring inclusion of funds for community health and wellness and the Medicaid program. It's a win-win for the state.