Cook County sweetened beverage tax implementation

Myths and facts

On July 1, Cook County’s sweetened beverage tax will go into effect, saving hundreds of public safety and healthcare jobs and services, and improving the health, wellness and safety of our communities.

Misinformation about the new tax’s impact on the local economy, jobs and businesses has been circulated deliberately, despite contrary evidence. Big Soda is desperate to prevent these taxes from gaining momentum and spreading across the country. Much like the tobacco industry, it’s employing scare-tactics and panic-inducing campaigns with misleading claims intended to protect its profits.

We want Cook County residents to understand the facts and why we remain steadfast in our support of a tax that has the potential to substantially reduce the rates of chronic disease and related healthcare expenditures while improving quality-of-life for our residents.

Myth #1: The sweetened beverage tax in Cook County is too steep.
Truth: This tax is an investment in Cook County – both in terms of generating much-needed revenue and providing increased health resources for communities that need it most. Eighty-seven percent of the County’s budget is spent on public health and public safety; with the preventive measures this tax will fund, it will in turn save the County and its taxpayers money in the long run. Additionally, Cook County’s penny-per-ounce tax is actually less than what other cities are enacting, including Philadelphia (1.5-cents-per-ounce) and Seattle (1.75-cents-per-ounce).

Myth #2: The tax isn’t really about health at all – it’s about the County needing money.
Truth: This tax will help Cook County fill its FY17 budget gap and help balance the budget over the next two years without the implementation of any new taxes. However, of the estimated $200 million the tax is expected to raise in its first full year, a substantial portion will be invested back into the most underserved communities in the form of health and prevention programs, as well as public safety and social justice services.

When considering ways to fill the budget gap, the Cook County Board was faced with raising revenue or making significant cuts to County public safety and healthcare jobs and services. Instead, the Board voted to approve a sweetened beverage tax, which provides residents a choice on whether to pay the tax AND improves the health and safety of our communities.

Myth #3: This tax will lead to job losses and will negatively impact our economy.
Truth: Industry claims of job losses are often either unfounded or overstated and misleading to lawmakers and consumers.

The beverage industry has claimed that many jobs have been lost in Philadelphia, but a recent report showed that in the first three months of 2017, beverage-related businesses reported wage growth based on Philadelphia’s wage tax collections compared to the same period before the tax was enacted.
While net prices of sugary drinks will rise, as intended, job loss claims do not account for the increased consumption of non-sugary drinks, which are generally made by the same manufacturers who produce sugary drinks. The beverage industry is already adjusting production to meet the increased demand for healthier drinks, and employees will still be needed to manufacture, bottle and truck the products to stores, and to sell them. For example, sales of sparkling water have increased dramatically between 2009 and 2014, from $635 million to $1.6 billion with forecasts reaching nearly $3.6 billion by 2019, according to leading forecasting agency Mintel.

An analysis of the already-implemented tax in Berkeley, California shows that the tax will not negatively impact the average cost of grocery bills, store revenue or employment, and a study published in the American Journal of Public Health predicts that a 20 percent sweetened beverage tax in Illinois will not have any significant impact on employment.

**Myth #4: The tax is ineffective in reducing consumption of sugary beverages.**
**Truth:** This type of tax has led to a decline in sugary-beverage consumption in every case. A study conducted on the impact of the Berkeley, California sugary drink excise tax found that there was a 21 percent decrease in sugary drink consumption in low-income neighborhoods compared to a 4 percent increase in sugary drink consumption in comparison cities in the four months after implementation. Not only did sugary drink consumption decline, but water consumption increased by 63 percent compared to only a 19 percent increase in similar cities.

In Mexico, a one-peso-per-liter sugary drink tax was implemented in 2014. A study conducted by *Health Affairs* that examined the changes in purchases of taxed and untaxed beverages over the first two years found an average reduction of 7.6 percent over the two-year period, with the largest decrease in low-income households.

The results from Berkeley and Mexico are encouraging and indicate the taxes changed behavior, especially among low-income residents, in favor of healthier living. In fact, economists predict that a penny-per-ounce excise tax on all sweetened beverages in Illinois would reduce consumption of sugary drinks by 29 percent. In addition, Harvard researchers estimate that a penny-per-ounce tax on sugar-sweetened drinks in Cook County would prevent 37,000 cases of obesity with a seven percent reduction in diabetes over 10 years.

**Myth #5: This tax is regressive and will negatively affect those who can least afford it.**
**Truth:** The real regressive impact on low-income and minority communities comes from the catastrophic and disproportionate rates of early death and disability caused by chronic illnesses like heart disease, stroke and diabetes. Sugar consumed in the form of sugary drinks is a major cause of such chronic diseases, and communities of color are at the highest risk from diseases caused by the over-consumption of sugary drinks.

These same communities are the ones targeted most aggressively by the beverage industry’s marketing efforts. Big Soda practices what has been called “regressive marketing,” as they specifically recruit African-American and Latino celebrities, musicians and athletes to appeal to communities of color.

Everything we can do to discourage consumption should be done. By investing in the Cook County Health & Hospitals System and expanding services and community prevention efforts in high-need communities, this tax will help the communities hurt the most by these diseases.