

To: The United States Congress

Subject: Tax on Sugared Beverages

Summary and Background: In the past, a tax on sugar-sweetened beverages has been proposed by Governor David Paterson as a way to raise funds to cover the deficit. The public uproar that sparked after Governor Paterson's proposal of an 18 percent increase on soda and other sugary drinks forced Paterson to abandon this plan. Many people saw this tax as the government's way of telling that what they can eat and drink, or a method of social engineering. Kelly Brownell of Yale University and New York City health commissioner and Dr. Thomas Frieden authored an article advocating a tax on "sugared beverages." After moving up to the head of the Center for Disease Control and Prevention, Frieden argued that anything that decreases the availability and increases the price of unhealthy food is likely to be effective and will incite a response from the public. According to the Kaiser Family Foundation poll taken in August of this year, 53 percent of those who responded were in favor of an increased tax on soda and sugary drinks while, while forty-four percent were opposed to such a tax. Director of the University of Pittsburgh Medical Center's weight management center said that there is plenty of evidence that the calories from liquids contributes to the obesity epidemic we are facing as a society. It is one of the many causes of obesity. She believes that a plan that would affect our wallets would have a direct impact on the people, as people often respond to these kinds of types of actions.

With a new system of revamping healthcare, the idea of taxing soda is an issue that has the potential for resurfacing. With the new comprehensive healthcare reform, it is clear that taxes will not be able to cover the cost of expanding health care insurance to all Americans. Opposition from the liquid and beverage industry in addition to the backlash of consumers who would have would follow this kind of excise tax is inevitable. Customers would have to pay several cents extra on a soft drink and other sugared beverages such as Hawaiian punch and Kool-Aid, drinks that have little nutritional value.

Issue Raised: Should the United States impose a tax on soda and other sugary drinks an effort to make up for the overhaul of the nation's health-care system? How much should the excise tax be? What determines sugary drinks and would diet substitutes be included? Or should the United States not interfere and impose a tax that would regulate and control what we drink?

Recommendation: Because Obama's Healthcare Reform Bill aims expanding insurance to more Americans and lowering costs, the *United States Congress* should

impose a tax of one cent per ounce on beverages with added sweeteners to create revenue that go towards promoting and encouraging a healthy future for Americans.

Argument:

1) Research has shown many conclusions that indicate that consuming sugar-sweetened beverages can lead to obesity, diabetes, and other potential conditions. President Obama even indicated that many studies show a high correlation between the increased soda consumption and sugary beverages and obesity.

2) Various people, including managing director of the regulatory studies program and government accountability project at the Mercatus Center at George Mason University argue that a tax will not stop people from drinking soda, and the cost difference would not turn people away as quickly as they hoped. A tax of one cent per ounce on a beverage with any added sweeteners would provide a substantial difference that would influence consumers. Estimates predict that the tax would increase the cost of a twenty-ounce drink by 20 percent decreasing consumption by fifteen percent.

3) The Congressional Budget Office did a broad report on the financing of our health-system and estimated that adding a tax of three cents per 12-ounce serving on sweetened beverages, would generate \$24 billion dollars over the next four years. Noting that this is smaller than the original tax recommended, it proves the substantial impact it can have. Until we know what kind of health-care solution the United States Congress passes, an actual price cannot be set. However, a tax would lower consumption, reduce and prevent medical problems, essentially saving medical costs.

4) Although many feel that a tax simply punishes consumers and the companies who provide sweetened beverages, education and self-responsibility can come hand in hand with this new tax. Money can be spent on educating the public on how to maintain a healthy weight, and how to lead a healthy lifestyle. If President Obama wants to make health care more affordable by decreasing health care costs, it would be beneficial to help promote those healthy eating habits and lifestyles by imposing a tax on beverages with added sweeteners.

Sources:

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