

## **Summary of Tax on Sugar-Sweetened Beverages (Beverage Syrups and Soft Drinks)**

### **Purpose:**

The intent of this act is to diminish the human and economic costs of obesity, diabetes and other obesity related chronic diseases, especially among youth in New York State. The tax goes into effect in September 2010. Revenue raised from this tax, expected to be \$450 million in 2010-2011 and \$1 billion in 2011-2012, will go to the New York State Health Care Reform Act (HCRA) Resources Fund to support healthcare and health related initiatives, such as obesity prevention and other chronic disease prevention programs.

### **What is Proposed?**

Levy an excise tax on beverage syrups and soft drinks when they are first imported into the State, or produced, refined, bottled, or manufactured; rather than at the retail level. The tax is equivalent to the rate of one cent per ounce on soft drinks that contain more than 10 calories per 8 ounces. These include sweetened water, soda, sports drinks, “energy” drinks, colas, sweetened bottled coffee or tea, and sweetened fruit or vegetable drinks containing less than 70% natural fruit or vegetable juice. Milk, milk products, milk substitutes, dietary aids, and infant formula are exempt.

### **What is the Expected Impact of the Tax?**

This tax will increase the price of sugar-sweetened beverages by an estimated 17% on average, which is expected to reduce consumption by a minimum of 10 percent, improve nutrition, raise revenue for health programs, including those designed to reduce obesity, and recover some of the health costs caused by consumption of high-calorie, nutrient poor foods and beverages. The highest consumers (i.e., adults who are overweight/obese, younger, less educated and/or low-income) and those who are most sensitive to price (youth and low-income individuals) are expected to have the greatest reductions in intake and the greatest health benefits.

### **Rationale and Supporting Facts:**

Obesity currently costs New York State an estimated \$7.6 billion annually. Obesity rates and intakes of sugar-sweetened beverages have risen markedly over the past 30 years. Currently 25% of New York adults are obese and another 35% are overweight. Among low-income children, 15% are obese and another 17% are overweight. Current per capita consumption of sugar-sweetened beverages is on average 46 gallons/year, which is equivalent to 40 pounds of sugar per person per year. Sugar-sweetened beverages are the food group most strongly linked with poor diet, increased rates of obesity and risk for diabetes. They are the major source of added sugar in the American diet. Sugar-sweetened soft drinks contribute 33% of added sugar while sweetened fruit drinks contribute another 10%. Sixty-one percent of adult New Yorkers report regularly consuming sugar-sweetened soft drinks; 22% of adults and 25% of adolescents report drinking at least one can or bottle per day of sweetened soft drink.