



March 30, 2022

To: Chair Webb and House Education Committee Members

From: Tina Zuk, Government Relations Director, American Heart Association

Re: Testimony Supporting S.100 Universal School Meals as Amended and Information on a Sugary Beverage Excise Tax as a Possible Funding Source

Support for S.100 -- The American Heart Association supports S.100, especially with the committee's proposed amendment to the legislation – adding school lunch along with breakfast.

We know that proper nutrition is critical to children's short- and long-term health outcomes. Food insecurity can lead to a variety of negative health conditions, including diet-related disease, and has severe consequences on a child's future health. As the committee heard in repeated testimony, the stigma from this also impacts a child's mental health, in some cases for years.

I'd also like to expand on Rep. William's question regarding what savings from the state funding universal school meals would provide for families. The estimate given was \$24.75 per week per child. The \$891 that results in per child for the school year could certainly provide many positive ripple effects for the family and the economy. But I also ask you to look at the flip side. Families have become used to universal school meals for two school years now. Imagine families now having to scramble to come up with that cost that they have not fit in their budgets. And imagine doing so with more children. Three children would mean \$297 each month. That is significant competition for dollars now likely used to pay rent, electric, heating or food bills. Which one would suffer?

Universal free school meals will benefit tens of thousands of kids each day and be a major step forward to eliminating health inequities.

Related to our goal with universal school meals of good nutrition and improving health outcomes, our organization also supports an excise tax on sugary beverages. Since this funding option is one the committee has expressed an interest in, I wanted to provide you with some background in addition to that provided by JFO.

Sugary beverage excise tax goal – to reduce consumption of an unhealthy food item to lessen chronic diseases while funding important public health programs and ensuring health equity.

It's important to point out that utilizing an excise tax on sugary beverages to fund universal school meals would, in effect, be taxing an unhealthy food item that people do not need and brings no nutritional value. And it would be funding food that we've heard repeatedly that students NEED to learn, as well as help to eliminate the stigmas that have fallen on both students and parents and ensure all students have the same opportunity for breakfast and lunch during the school day.

Sugary beverage and health impacts –

- Almost half of the added sugar in the Americans diet come from sugary drinks.
- The average adult gets about 17 teaspoons of sugar each day -- almost double the limit for men and triple the limit for women, according to the American Heart Association.
- Sugary drinks increase the risk of hypertension independent of weight gain.
- Kids' consumption of sugary drinks (an average of 30 gallons a year or a bathtub full) is linked with long term health conditions that impact a child's health for their entire life.
- Kids consume as much as 140 teaspoons of added sugars from sugary drinks per week. That's as much as 280 gummy bear candies.
 - Drinking sugary drinks regularly leads to a 26% increase in the risk of type II diabetes.
 - 12-30 teaspoons of sugar per day increases the risk of dying from cardiovascular disease by 30% - a 12-oz can of coke has about 9 teaspoons of sugar.
 - Drinking sugary drinks regularly increases the risk of bad cholesterol by 20% *in just two weeks*.
 - Drinking sugary drinks regularly increases the chances of obesity among children by 55%.

Sugary beverage tax – how much would it raise? – As noted by joint fiscal, [UCONN's Rudd Center for Food Policy has a tax calculator](#) that can be used to determine revenues from such a tax for each state at various levels and pass-thru amounts.

A 1 cent/oz excise tax would raise \$18,260,560.

A 2 cent/oz excise tax would raise \$30,952,153. (see below for an example)

Sugary Drink Type	Estimated Annual Tax Revenues
Soft Drinks	\$19,684,148
Fruit Drinks	\$4,047,075
Sports Drinks	\$2,344,180
Ready-to-Drink Tea	\$3,008,719
Energy Drinks	\$938,204
Ready-to-Drink Coffee	\$929,827
Sugary Drink TOTAL	\$30,952,153

What would be taxed and what wouldn't? –

- "Sugary drink" (taxed) is any nonalcoholic beverage, whether carbonated or noncarbonated, sold for human consumption that contains 7.5 grams or more of added sugars or other caloric sweeteners per 12 ounces.
- Sugary drinks do NOT include (not taxed):
 - Beverages in which milk is the primary ingredient or the first listed ingredient on the label of the beverage. For purposes of this Act, "milk" means natural liquid animal milk regardless of butterfat content; natural animal milk concentrate, whether or not reconstituted; or dehydrated natural animal milk, whether or not reconstituted.
 - Plant based "milk" (i.e., a substance or combination of substances in which (a) water and (b) grains, nuts, legumes, or seeds constitute the two greatest ingredients by volume) with <7.5 grams of added sugars or other caloric sweeteners per 12 ounces
 - 100% fruit or vegetable juice or 100% juice + water including those made from frozen, freeze-dried, or concentrate with no added sugars
 - Coffee and tea without added sugars
 - Water without any sugars
 - Beverages with <7.5 grams of added sugars or other caloric sweeteners per 12 ounces (This came up in committee last week. We do not advocate taxing beverages with artificial sweeteners.)
 - Infant formula
 - Beverages for medical use
 - Syrups, concentrates, and powders (e.g., lemonade) sold for home use

Where do sugary beverage excise taxes currently exist? - As of July 2021, seven U.S. cities and more than 40 nations have adopted sugary drink taxes. No states have yet passed a sugary beverage excise tax.

In the U.S., the cities of Albany, Berkeley, San Francisco and Oakland, CA; Boulder, CO; Philadelphia, PA; and Seattle, WA have passed sugary beverage excise taxes.

How the taxes are working and what they are funding – These taxes are reducing the sales of sugary drinks and are raising valuable revenue for communities, including for food access.

1) Success in reducing consumption:

- Sales of the taxed sugary beverages in these communities have decreased by between 21% to 39% after accounting for tax avoidance from shopping in neighboring areas.
- To answer a question raised by the committee last week, 43% to 123% of the taxes have been passed from the distributors to the consumers in the form of higher prices.

- Two years following the implementation of Philadelphia's 1.5 cent/oz tax, there was an average 2 cents/oz increase in taxed beverage price and a 42% decline in volume of the taxed beverages bought at small independent stores.
- A recent economic study also estimated that Philly's tax created between 800 and 1,350 new jobs since it was implemented in 2017, in part, by increasing funding for early care and education programs which allowed more parents to return to the workforce.
- A year after implementation of Seattle's 1.75 cent/oz tax, prices of the taxed beverages rose by about 1 cent/oz and purchases of taxed beverages declined by 22%. Purchases of untaxed beverages such as water, increased by about 4%.
- In the first year following Berkeley's tax, sales of sugary drinks declined about 10% while sales of water increased 15%. Three years later, consumption of sugary drinks dropped 52% and water increased 25%.

2) Funding for important initiatives:

- Albany (Calif.), Berkeley (Calif.), Boulder (Colo.) and San Francisco (Calif.) have focused their revenue allocations on health-related goals.
- Philadelphia (Pa.) has focused almost solely on human and community capital, allocating more than 90% of its revenues to expand access to pre-K and improve community infrastructure.
- Oakland (Calif.) and Seattle (Wash.) have divided their revenue investments between health and human and community capital.
- Regarding food access – Seattle included food access in its funding priorities and used tax revenue to provide greater food access during the pandemic; San Francisco also had food access as a priority and funded childhood obesity prevention; Berkely funded food education programs and nutritional support for low-income residents, seniors and disabled residents.

Impact on Low Income –

- Families with low incomes and communities of color are exposed to more advertising for sugary drinks and experience disproportionately higher rates of sugary drink-related chronic diseases. These communities would experience the largest gain in health and greatest reduction in health care costs if sugary drink taxes were implemented in their cities (states.)
- The Vermont Low Income Advocacy Council (VLIAC) supported the proposed sugary beverage excise tax proposed in 2015.

Positive Impact on employment and Store Revenues –

- In Berkeley, Calif., the sugary drink tax has strengthened the local economy. Food sector sales tax revenue rose by 15%, while food sector jobs increased by 7.2% just 18 months after the tax was passed.
- In the 2 ½ years after Philadelphia implemented its sweetened beverage tax, there was no evidence that the tax resulted in job losses in the overall economy, private sector, limited-service restaurants or convenience stores.
- In the two years after San Francisco implemented a sugary drink tax, there was no evidence that the tax resulted in job losses of any kind.