how a sugary drink tax can benefit Rhode Island

As of now, seven cities across the nation have successfully implemented sugar-sweetened beverage (SSB) taxes, also known as sugary drink taxes. Evaluations of these taxes not only show the important health benefits of adopting this tax but shed light on the best strategies for implementation of this policy. Below are some valuable findings from the cities that have implemented SSB taxes and how this data can be used to implement the tax in Rhode Island.

**How do SSB taxes impact health?**

Currently, SSBs are the leading source of added sugar in the American diet and there is extensive evidence showing an association between these beverages and an increased risk of type 2 diabetes, cardiovascular disease, dental caries, osteoporosis, and obesity.¹ Yet, multiple cities that have implemented the SSB tax have seen downward trends in the consumption of SSBs that could lead to improved health outcomes and greater healthcare savings.¹ Three years after implementing the tax, Berkeley saw a 50% average decline in SSB consumption with an increase in water consumption. Similarly, in Philadelphia, the probability of consuming regular soda fell by 25% and the intake of water rose by 44% only six months after the tax was effective.² Philadelphia adults who typically consumed one regular soda per day before the tax transitioned to drinking soda every three days after the tax.²

This shift in behavior has very important health implications; SSB taxes are linked with a significant reduction in the incidence of cardiovascular diseases and with a decrease in BMI and body weight. This decline would result in roughly 867,000 fewer obese adults and reduce the number of new diabetes cases by 2.6% nationwide.³
After ten years off SSB tax implementation, the nation could see the following:

- **95,000 fewer** instances of coronary heart disease
- **8,000 fewer** strokes
- **26,000 fewer** premature deaths
- **32,300 saved** life-years
- **101,000 averted** disability-adjusted life-years
- **575,936 prevented** cases of childhood obesity
- **$23.6 billion saved** in healthcare costs

**How are SSB taxes progressive?**

SSB taxes commonly get miscategorized as a regressive tax, when in reality it is a progressive tax. This is evidenced by the greater chronic disease burden that is carried by low-income households in relation to higher rates of SSB consumption.¹

Consumption of sugary drinks varies by age, sex, race/ethnicity, income, and education. While 64% of white teenagers drink at least one sugary drink every day, 74% of Black teens do so.¹ Black and Latinx teens consume more sports drinks and energy drinks compared to white teens. Children from low education households have almost a 40% increased chance of consuming these drinks than children from higher education households.¹ Young adults from low-income households have almost 50% increased chances of consuming these drinks than higher income counterparts.¹

The SSB tax policy is progressive and promotes health equity. The revenue generated from the tax will be dedicated to programs that will benefit lower-income communities, such as the Retail SNAP Incentive Program.
What are the impacts on employment?

The beverage industry has spent millions of dollars lobbying against SSB taxes, arguing that they will result in regional job losses and hurt the economy.

However, these arguments are overstated for 3 reasons:

1. They do not consider the increased consumption of non-SSBs
2. They ignore the increases in jobs created elsewhere in the economy when consumers shift their spending to non-beverage goods and services
3. They do not account for the economic activity generated from the tax’s revenue.

Additionally, in order for there to be a detectable effect on unemployment, the following conditions must be met:

• The demand for SSBs is highly elastic.
• There is low substitution between SSBs and other products sold by a store.
• The profits from SSBs must account for a high share of total profits earned by a store.
• The total profit loss is so great that an employer has no other option but to dismiss its employees.

Several studies refute the arguments made by the beverage industry.

One year after implementing the tax, Philadelphia found no significant changes in unemployment compared to neighboring counties for supermarkets, soft drink manufacturing, all potentially affected industries, or total unemployment.
How will the revenue be used?
The goal is to keep Rhode Islanders shopping in Rhode Island with equitable access to fresh, healthy produce by pairing the SSB tax as a funding mechanism for a Retail SNAP Incentive Program.

SNAP incentives are additional bonus dollars given in the form of a discount or rebate on fruit and vegetable purchases made by SNAP recipients to incentivize the purchase of healthy fruits and vegetables. The Retail SNAP Incentive Program (RSIP) would be implemented throughout RI grocery stores to ensure equitable access to fresh, healthy fruits and vegetable for Rhode Island’s low-income families.

An argument against the SSB tax was fear that it would cause RI residents to cross the border to grocery shop. However, it is highly unlikely that low-income Rhode Islanders, that could feel the effects of the tax, would leave the state to grocery shop if they are receiving a 50% discount on their produce purchases.

The RSIP will also benefit grocery retailers, farmers and produce distributors as other state RSIP programs have shown as much as a 30% increase in grocery produce sale after program implementation.

We envision a Rhode Island with equitable access to fresh fruits and vegetables for all people, and we believe SNAP incentives funded through an SSB tax are an important way forward.
## Projected Financial Impact

<table>
<thead>
<tr>
<th>City</th>
<th>Effective Date</th>
<th>Tax Rate (per Oz)</th>
<th>Estimated Price Increase</th>
<th>Estimated Annual Cost</th>
<th>Estimated Annual Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albany, CA</td>
<td>Apr. 2017</td>
<td>$0.01</td>
<td>16.30%</td>
<td>$3,200</td>
<td>$220,000</td>
</tr>
<tr>
<td>Boulder, CO</td>
<td>Jul. 2017</td>
<td>$0.02</td>
<td>32.70%</td>
<td>$15,600</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Oakland, CA</td>
<td>Jul. 2017</td>
<td>$0.01</td>
<td>16.30%</td>
<td>$61,700</td>
<td>$11,000,000</td>
</tr>
<tr>
<td>Philadelphia, PA</td>
<td>Jan. 2017</td>
<td>$0.015</td>
<td>24.50%</td>
<td>$222,000</td>
<td>$77,300,000</td>
</tr>
<tr>
<td>San Francisco, CA</td>
<td>Jan. 2018</td>
<td>$0.01</td>
<td>16.30%</td>
<td>$123,000</td>
<td>$15,000,000</td>
</tr>
<tr>
<td>Seattle, WA</td>
<td>Jan. 2018</td>
<td>$0.0175</td>
<td>21.50%</td>
<td>$61,500</td>
<td>$15,000,000</td>
</tr>
</tbody>
</table>

### Projected Health Impact After 1 Year

<table>
<thead>
<tr>
<th>City</th>
<th>Cases of Obesity Prevented</th>
<th>Years of Obesity Prevented</th>
<th>Life Years Gained</th>
<th>Deaths Averted</th>
<th>Decrease in Diabetes*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albany, CA</td>
<td>92</td>
<td>640</td>
<td>6</td>
<td>2</td>
<td>3%</td>
</tr>
<tr>
<td>Boulder, CO</td>
<td>938</td>
<td>6,320</td>
<td>55</td>
<td>17</td>
<td>10%</td>
</tr>
<tr>
<td>Oakland, CA</td>
<td>2,140</td>
<td>15,100</td>
<td>160</td>
<td>47</td>
<td>4%</td>
</tr>
<tr>
<td>Philadelphia, PA</td>
<td>14,300</td>
<td>102,300</td>
<td>1,190</td>
<td>349</td>
<td>8%</td>
</tr>
<tr>
<td>San Francisco, CA</td>
<td>3,750</td>
<td>25,800</td>
<td>298</td>
<td>89</td>
<td>4%</td>
</tr>
<tr>
<td>Seattle, WA</td>
<td>4,160</td>
<td>28,300</td>
<td>320</td>
<td>96</td>
<td>5%</td>
</tr>
</tbody>
</table>


