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Proposed Tax on Sugary Beverages Debated

By [WILLIAM NEUMAN](#)

The debate over a tax on sugary soft drinks — billed as a way to fight [obesity](#) and provide billions for [health care reform](#) — is starting to fizz over.

[President Obama](#) has said it is worth considering. The chief executive of [Coca-Cola](#) calls the idea outrageous, while skeptics point to political obstacles and question how much of an impact it would really have on consumers.

But a team of prominent doctors, scientists and policy makers says it could be a powerful weapon in efforts to reduce obesity, in the same way that cigarette taxes have helped curb smoking.

The group, which includes the New York City health commissioner, Thomas Farley, and Joseph W. Thompson, Arkansas surgeon general, estimates that a tax of a penny an ounce on sugary beverages would raise \$14.9 billion in its first year, which could be spent on health care initiatives. The tax would apply to soft drinks, energy drinks, sports beverages and many juices and iced teas — but not sugar-free [diet](#) drinks.

The group's review of research on the topic, appearing in The [New England Journal of Medicine](#), was released on Wednesday, the same day that Senator [Max Baucus](#), the Montana Democrat, made public his health care reform plan, with an estimated cost of \$774 billion over 10 years. The Baucus plan would be paid for by an array of taxes and fees on high-end group insurance plans, drug and medical device makers, and other sources, with no mention of any tax on sugary beverages.

The scientific paper found that a beverage tax might not only raise revenue but have significant health effects, lowering consumption of soda and other sweet drinks enough to lead to a small weight loss and reduced health risks among many Americans.

The study cited research on price elasticity for soft drinks that has shown that for every 10 percent rise in price, consumption declines 8 to 10 percent.

John Sicher, the publisher of Beverage Digest, a trade publication, said that a two-liter bottle of soda sells for about \$1.35. At 67.6 ounces, if the full tax was passed on to consumers, that would add 50 percent to the price. A 12-can case, which sells today for about \$3.20, could rise by \$1.44, a 45 percent increase.

"A one cent per ounce tax would create serious problems and potentially adversely impact sales for the American beverage industry," Mr. Sicher said.

The proposed tax faces a formidable hurdle in Congress, where several members have voiced strong opposition and few if any have said more than that they would be willing to consider it.

The soft drink industry has adamantly resisted the notion that its products are responsible for a national increase in obesity or that a tax would help curb the problem.

And even a supporter of a beverage tax said it was not clear if it would have a direct effect on the waistlines of Americans.

“I think we should be satisfied that soda taxes would be having a modest effect on consumption but would generate billions of dollars that could be used to mount public health campaigns,” said Michael Jacobson, executive director of the [Center for Science in the Public Interest](#), an advocacy group that favors such a tax.

He said that if the tax was levied on the manufacturers of the sugary drinks they might be able to spread the cost among many of their products, from chips to granola bars to diet sodas, which would keep sugary drink users from feeling the full impact.

Nonetheless, discussion of the tax has the beverage industry on the defensive.

[Muhtar Kent](#), the chief executive of Coca-Cola, was asked about the tax on Monday during an appearance at the Rotary Club of Atlanta and he responded by calling it “outrageous.”

“I have never seen it work where a government tells people what to eat and what to drink,” Mr. Kent said, according to a [report](#) by Bloomberg News. “It if worked, the Soviet Union would still be around.”

The industry began to coordinate its response in June when it created an organization called [Americans Against Food Taxes](#).

On its Web site, [nofoodtaxes.com](#), the group calls itself “a coalition of concerned citizens” opposed to “the government’s proposed tax hike on food and beverages,” including soda and juice drinks. Calls to a media contact listed on the site reach the American Beverage Association, an industry organization whose board is made up of top executives from the major soft drink manufacturers.

Americans Against Food Taxes bought a full-page ad last Sunday in The Washington Post. It was fashioned as an open letter to Congress, saying “Don’t tax our groceries.” It has also been running commercials on cable networks, including CNN, MSNBC and Fox News, according to Kevin W. Keane, senior vice president for public affairs at the beverage association.

Mr. Keane said that the association was heading the antitax group and that the beverage industry was paying for its activities.

He took exception to any efforts to single out sugary drinks in the fight against obesity.

“When it comes to losing weight, all [calories](#) count, regardless of the food source,” Mr. Keane said. “The bottom line is that the tax isn’t going to make anybody healthier. It’s not going to make a dent in a problem as complex and serious as obesity, and we’re certainly not going to solve the complexities of the health care system with a tax on soda pop.”

Talk of a soda tax is just the latest [headache](#) for an industry that has been struggling with flat or declining sales for many products, from sodas to bottled water.

Across the country, many schools have removed soda vending machines saying they should not be plying children with sugary drinks.

Last month, the [American Heart Association](#) urged people to reduce their intake of sugary foods and beverages to lower the risk of conditions like obesity and [high blood pressure](#) — singling out soft drinks as a prime culprit.

Even President Obama has voiced a cautious openness to the tax.

“I actually think it’s an idea that we should be exploring,” he said, in a recent interview in Men’s Health magazine. “There’s no doubt that our kids drink way too much soda. And every study that’s been done about obesity shows that there is as high a correlation between increased soda consumption and obesity as just about anything else.”

But Mr. Obama acknowledged that there would be significant resistance to such a tax.

Kelly D. Brownell, the lead author of the study and director of the Rudd Center for Food Policy and Obesity at Yale, said in an interview that a penny-an-ounce tax would have an immediate and powerful impact on the nation’s elevated obesity rate.

He said that a tax was justified in part because conditions like obesity and [diabetes](#) are often treated with public funds through programs like [Medicaid](#) and [Medicare](#). Revenue from the tax could help pay for such care.

Acknowledging how difficult it would be to get a tax through Congress, he said state or local governments could take the first step.

That would follow tobacco, which has been heavily taxed by states in an effort to reduce [smoking](#) and defray the costs of smoking-related illnesses.

Representative [Bill Pascrell Jr.](#), a Democrat from northern New Jersey, who supports a soda tax said that House lawmakers had considered including it as part of their health reform bill but decided it was too divisive. “It didn’t look like we had the votes,” he said.

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