

# Philadelphia becomes 1st major American city with soda tax

June 16 2016, by Natalie Pompilio

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Audience members cheer after Philadelphia City Council passed a tax on sugary and diet beverages, in Philadelphia, Thursday, June 16, 2016. Philadelphia has become the first major American city with a soda tax despite a multimillion-dollar campaign by the beverage industry to block it. (AP Photo/Matt Rourke)

Philadelphia became the first major American city with a soda tax on Thursday despite a multimillion-dollar campaign by the beverage industry to block it.

The City Council gave final approval to a 1.5 cent-per-ounce tax on sugary and diet beverages.

Only Berkeley, California, had a similar law. Soda tax proposals have failed in more than 30 cities and states in recent years. Such plans are typically criticized as disproportionately affecting the poor, who are more likely to consume sugary drinks.

But Democratic Mayor Jim Kenney sold the council on the idea with a plan to spend most of the estimated \$90 million in new tax revenue next year to pay for prekindergarten, community schools and recreation centers.

"Thanks to the tireless advocacy of educators, parents, rec center volunteers and so many others, Philadelphia made a historic investment in our neighborhoods and in our education system today," the mayor said after the vote.

The tax, which passed 13-4, is a hard-fought win for the city. The soda industry spent millions of dollars in advertising against the proposal, arguing the tax would be costly to consumers. The plan also attracted national attention and dollars, with former New York Mayor Michael Bloomberg and Texas billionaires John and Laura Arnold, advocates for less consumption of sugary drinks, funding ads in support.



Opponents of a tax on sugary and diet beverages depart City Hall after City Council passed the tax, in Philadelphia, Thursday, June 16, 2016. Philadelphia has become the first major American city with a soda tax despite a multimillion-dollar campaign by the beverage industry to block it. (AP Photo/Matt Rourke)

The American Beverage Association called the soda tax "discriminatory and highly unpopular."

"The tax passed today is a regressive tax that unfairly singles out beverages, including low- and no-calorie choices," it said a statement.

The association and beverage bottling businessman Harold Honickman promised to fight the tax in court, with Honickman saying the tax would mean sales will go down and jobs will be lost. He said he could file a lawsuit as soon as this weekend.

Teamsters Local 830 secretary-treasurer Daniel Grace agreed a legal battle is ahead.

Many communities where soda tax proposals have failed sought it as a way to discourage consumers from buying sugary beverages for health reasons.



In this June 8, 2016 file photo, opponents of a proposed sugary drink tax demonstrate outside City Hall in Philadelphia. Philadelphia is set to become the first major American city with a soda tax despite a multimillion-dollar campaign by the beverage industry to block it. The City Council is expected to give final approval Thursday, June 16, 2016, to a 1.5 cent-per-ounce tax on sugary and diet beverages. (AP Photo/Matt Rourke, File)

The case could certainly be made for a healthier Philadelphia, where more than 68 percent of adults and 41 percent of children are overweight

or obese. But Kenney focused on public interest over public health in making the argument to tax sugary drinks.

He said last week that Americans generally reject other people telling them what's healthy for them, so his administration tried to stay away from that. He said any health benefits coming from the tax are a bonus.

The tax won't start getting collected until Jan. 1, but it will enter into the fiscal budget July 1.

The tax will be levied on distributors. If they pass it entirely on to consumers, a six-pack of 16-ounce bottles, for example, would go up \$1.44.

Some of the money raised by the tax will go to pay for city employee benefits and pet projects of council members and to build up municipal provide budget reserves.



In this Wednesday, June 8, 2016 file photo, opponents of a proposed sugary drink tax demonstrate outside City Hall in Philadelphia. Philadelphia is set to become the first major American city with a soda tax despite a multimillion-dollar campaign by the beverage industry to block it. The City Council is expected to give final approval Thursday, June 16, 2016, to a 1.5 cent-per-ounce tax on sugary and diet beverages. (AP Photo/Matt Rourke, File)

Groups of pre-K students clustered outside City Hall on Thursday doing geyser experiments with soda and Mentos, and they gathered in the hallway near chambers with headbands reading "Pre-K rocks!"

The No Philly Grocery Tax group had a big display on the plaza with stacks of drinks and graphs showing how much consumers would pay if the tax passed.

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