



Taxation of Sugar Sweetened Beverages

Numerous studies link sugar sweetened beverages to higher energy intake, lower nutrient intake and excess weight gain in both children and adults.^{i,ii} The Rudd Center for Food Policy and Obesity has stated that “more than for any category of foods, rigorous scientific studies have shown that consumption of soft drinks is associated with poor diet, increasing rates of obesity, and risk for diabetes.”ⁱⁱⁱ The BC Provincial Health Officer has also recommended reduction in the consumption of sugar sweetened beverages, particularly for children.^{iv} BCHLA also acknowledges that this Select Standing Committee in the 2011 Budget Consultation Report recommended, “that government engage in a dialogue with British Columbians about measures to reduce the consumption of sugar-sweetened beverages, such as pop, fruit drinks, energy drinks and vitamin waters.”

The Institute of Medicine of the National Academies has suggested that a tax on non-nutritional foods such as sugary drinks is one of the most promising tools available to governments for addressing unhealthy weights.^v One study found consumption dropped by 16% with the introduction of a 35% tax.^{vi} Another study found that the biggest consumers of sugary drinks were also the most price sensitive. Their consumption dropped by 44% with a 27% price increase and dropped much more compared to moderate consumers.^{vii} Ideally, a tax on sugar sweetened beverages should be incorporated into the shelf price of the product rather than as a sales tax that is applied at the register. Research has shown that taxes included in the shelf price have a greater impact on consumption than taxes applied at the register.^{viii}

There are presently 33 states in the US where sugar sweetened beverages are taxed; however, the majority of the taxes are too small to make any significant impact on consumption and behavioural change of individuals as they often go unnoticed. That is why we are calling for the government to introduce a substantial excise tax on all sugar sweetened beverages as this would relate to portion size and remove the incentive for discounted super-size servings. However if that is not possible within provincial jurisdiction, we would still urge an additional point of sale tax of at least 20%. This should be considered as the government re-introduces the provincial sales tax.

ⁱ Vartanian, L.R., M.B. Schwartz and K.D. Brownell. (2007). Effects of soft drink consumption on nutrition and health: a systematic review and meta-analysis. *Am.J.Public Health.* 97(4):667-675.

ⁱⁱ Sturm, R. et al. (2010). Soda Taxes, Soft Drink Consumption, and Children’s Body Mass Index. *Health Affairs.* 29:5.

ⁱⁱⁱ Rudd Center for Food Policy and Obesity. (2009). *Soft Drink Taxes: A Policy Brief.*

^{iv} British Columbia Provincial Health Officer. (2010). *Investing in Prevention: Improving Health and Creating Sustainability.* The Provincial Health Officer’s Special Report.

^v Lynn Parker, Annina Catherine Burns, and Eduardo Sanchez, Editors; Committee on Childhood Obesity Prevention Actions for Local Governments; Institute of Medicine; National Research Council, Local Government Actions to Prevent Childhood Obesity, 2009, 140 pages.

<http://www.nap.edu/catalog/12674.html>

^{vi} Block JP, Chandra A, McManus KD, Willett WC. Point of purchase price and education intervention to reduce consumption of sugary soft drinks. *Am J Public Health*. August 2010, Vol 100, No. 8 | *American Journal of Public Health* 1427-1433

^{vii} Gustavsen G. Public Policies and the Demand for Carbonated Soft Drinks: A Censored Quantile Regression Approach. 2005 International Congress, August 23-27, 2005, Copenhagen, Denmark. European Association of Agricultural Economists

^{viii} Fletcher, J., D. Frisvold and N. Tefft. (2010). Taxing Soft Drinks and Restricting Access to Vending Machines to Curb Child Obesity. *Health Affairs*. May 2010, 29:5.