



FOR IMMEDIATE RELEASE

## ***Cook County Families have Saved More than \$10 million from Delay in Beverage Tax Implementation***

**(CHICAGO - July 27, 2017)** – As of tomorrow, **Cook County families will have already saved \$10 million on their grocery bills and restaurant tabs** as a result of the delay in the implementation of the county’s flawed and unfair beverage tax. Cook County commissioners can ensure families keep these savings by **repealing the beverage tax regardless of any court ruling**. Thousands of county residents and hundreds of businesses have called on the County Board to repeal the tax.

The beverage tax, which was scheduled to go into effect on July 1, is on hold due to a temporary restraining order (TRO) issued by a Circuit Court Judge who wrote in his June 30 ruling issuing the TRO: “...a fair question exists as to the constitutionality of the Sweetened Beverage Tax.” County retailers filed suit against the tax for its unequal treatment of products and consumers and the county’s inability to administer the tax in a clear and transparent manner.

“While Cook County talks about revenue and spending, residents and consumers are saving millions of dollars because the unfair beverage tax has been sidelined. That’s money families can save or spend right here in Cook County to help the economy,” said **Brian Jordan, president of the Illinois Food Retailers Association**.

The Cook County Beverage Tax will **increase prices on more than 1,000 different products by as much as 67%**, including juice drinks, sports drinks, flavored water, iced tea, sodas, lemonade - even diet drinks.

The county has projected the beverage tax would raise \$67.5 million in revenue between July 1 and December 31, 2017, collecting an average of more than \$366,000 per day from county residents and consumers to balance the county’s budget.

If implemented, the beverage tax would have devastating impacts on jobs and small businesses. **At risk are an estimated 6,100 jobs, \$321 million in wages and \$1.3 billion in economic activity if the County Board does not repeal the beverage tax**. These are risks Cook County residents and businesses cannot afford.

“[The beverage tax] is going to mean a lot of lost sales, which means a loss of employees for me. If I’m down 20 to 30 percent in sales, it means a 20 to 30 percent loss in employees,” noted **Martin Sandoval, general manager of Fresh Market La Chiquita**, in an interview earlier this month on [ABC 7](#). La Chiquita is a neighborhood-based grocery store and restaurant with two grocery stores in Little Village, a grocery store and taqueria in Cicero, and five other locations outside of Cook County.

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While some County Commissioners have proposed a [hiring freeze or elimination of approximately 1,500 open positions, which they estimate could save approximately \\$70 million](#) to offset the lost revenue from the beverage tax, Cook County Board President Toni Preckwinkle has called for a 10% across the board budget cut and more than 1,000 layoffs from the County Sherriff’s office and courts.

In recent weeks, Cook County’s beverage tax been called [“steep”, “illogical”, “regressive”, “implemented on false pretenses”, “wrongheaded and dishonest”, “riddled with contradictions”, a “cowardly tax”, “a bad tax”, “a bookkeeping nightmare for business owners”, “nothing to do with obesity”, “a disingenuous money grab”](#) and [“aimed at wallet, not waistline”](#).

The tax’s implementation has been called [“a mess”](#) and [“not ready for prime time”](#), while causing [“great confusion because of a lack of transparency”](#). Business owners have warned the tax is [“going to be really rough on consumers and on jobs”](#) while Cook County residents [“are likely to take their grocery business elsewhere”](#) and the tax is [“going to hurt sales”](#).

**Background on Cook County Beverage Tax**

Under the new tax, Cook County residents will be paying significantly more when buying some of the most commonly purchased beverages. For example:

Item	Original Price**	New Cook County Beverage Tax	New Cost**	Increased cost due to Beverage Tax rate**
2-liter	\$0.99	\$0.67	\$1.66	67%
Gallon (juice, iced tea, etc.)	\$2.99	\$1.28	\$4.27	43%
Case of cans	\$7.99	\$2.88	\$10.87	36%
12-pack	\$4.99	\$1.44	\$6.43	29%

**\*\*Does not include the 3% City of Chicago soft drink tax or 10.25% State and Cook County sales tax**

The impact of Cook County’s beverage tax could be devastating, including an estimated 6,100 lost jobs, \$321 million in lost wages and \$1.3 billion in lost economic activity (Dunn & Associates, 2016).

Cook County’s development of regulations and guidance to administer the tax has been called “a mess” by the Chicagoland Chamber of Commerce and there are concerns about the transparency of the regulations and the constitutionality of the tax. The county admitted the tax was broken and made five major changes to the regulation between June 1 and 20, though there were no public comments or review of the new regulations or County Board votes of the significant changes.

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A similar beverage tax went into effect in Philadelphia on Jan. 1, 2017. In its first six months, Philadelphia businesses, consumers and workers experienced economic losses far greater than originally predicted, including:

- **Beverage sales plummeted as much as 50 percent** at some local groceries and local beverage distributors reported up to a **45 percent decline in sales. Sales increased at retail outlets just outside Philadelphia** city lines, though not enough to offset the decline in sales within the city. ([Bloomberg Markets, 2/17/17](#))
- The **equivalent of more than 400 jobs have been lost** through layoffs and cutbacks in hours at local retailers, restaurants and manufacturers ([Bloomberg Markets, 2/17/17](#); [Philly.com, 3/1/17](#); [Philly.com, 4/28/17](#))
- Philadelphia's Controller announced the city **inflated revenue projections from its beverage tax** and is **17% short of the city's projections**, creating a "potential **multi-million dollar burden on the city...**" The city is \$20 million short of this year's \$46 million goal with only two months left in the fiscal year (["Controller Butkovitz Raises Concerns Over Beverage Tax Shortfalls," 6/13/17](#)).

Given the negative impact the tax will have on Cook County residents, the county's on-going changes to the tax's regulations and the decision of the court to uphold a temporary restraining order, the only logical conclusion to a regulation so fraught with problems is to repeal. The County Board needs to explore other, more equitable means of closing the county's budget gap.

Cook County needs to be transparent and acknowledge a beverage tax will not solve the county's financial issues. Yet President Preckwinkle has threatened an arbitrary 10% cut in the county's budget and more than 1,000 layoffs if the beverage tax is not implemented soon. That budget cut will result in lost jobs that seem more like punishment than prudent fiscal policy. [The Sun-Times went so far as to state "We'd like to believe there's no political payback here, but the optics are bad."](#)

**The numbers don't add up** when the county's revenue projections for the tax are compared to the flagrancy of the proposed cuts.

In FY 2017:

- The county says it will lose \$67.5M in revenue from July-Dec 2017 if the SBT doesn't move forward. But it has threatened \$178M+ in cuts - more than 2.5 times as much as the SBT was expected to bring in. ([Chicago Tribune, "Preckwinkle administration: Prepare for 10% budget cuts if soda tax stays on hold", 7/6/17](#))

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- The \$67.5M in lost revenue in FY 2017 from the SBT represents only 3.79% of the county's projected \$1.78B in revenue into the General and Health Funds from June-Nov 2017 ([Cook County FY2018 Preliminary Budget Forecast](#), P.34)
- The \$67.5M in lost revenue in FY2017 from the SBT is just 1.95% of the county's overall FY 2017 budget, which is \$3.46B ([Cook County FY2018 Preliminary Budget Forecast](#), P.34)

In FY 2018:

- The county says it will lose \$200.6M in revenue if the SBT doesn't move forward. But it has threatened \$358M+ in cuts - more than 1.7 times as much as the SBT was expected to bring in. ([Chicago Tribune, "Preckwinkle administration: Prepare for 10% budget cuts if soda tax stays on hold", 7/6/17](#))
- The \$200.6M in lost revenue in FY 2018 from the SBT represents only 5.6% of the county's projected \$3.58B in revenue into the General and Health Funds projected ([Cook County FY2018 Preliminary Budget Forecast](#), P.38)

The *Can the Tax* Coalition is working to inform and educate Cook County residents, consumers and businesses about the devastating impact the beverage tax will have if it goes into effect, and urge Cook County Board members to repeal the tax.

**About the Can the Tax Campaign and Coalition**

The *Can the Tax* coalition is an initiative of more than a dozen organizations in Cook County uniting to educate Cook County consumers, businesses and news media about the negative impact of the Cook County beverage tax on our local consumers and businesses. The Coalition will urge the Board of Cook County Commissioners to repeal the beverage tax to ensure Cook County residents have access to affordable consumer products and avoid the lost jobs and harm the tax will cause working families. Campaign activities are paid for by the American Beverage Association, a member of the *Can the Tax* campaign and coalition. To learn more, visit [StopTheCookCountyTax.com](#).

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