



January 22 Beverage Tax Update:

- **New Reports Confirm Economic Harm of Beverage Tax**
- **Ongoing Feedback From Seattle Business, Consumers Underscores Growing Opposition to New Beverage Tax**

Since the Seattle Beverage Tax was implemented on January 1, Seattle residents have been stunned by how much prices of their favorite beverages have increased. Neighborhood business owners are outraged over the burden of the complex tax, the confusion it is causing their customers and employees, the anger expressed by their patrons and the impact it will have on their livelihoods. The fundamental flaws in the tax are confirmed by news studies on the impact of these measures in other areas.

- **New Reports and Studies Confirm Job Losses, Lost Revenue, Marginal Health Benefits from Beverage Tax**
 - **Harm to Business Caused by Philadelphia Beverage Tax:** A [study](#) released last week by Oxford Economics found that Philadelphia's beverage tax, implemented a year ago, has caused significant job losses in the city and inflicted economic harm on local businesses. The study found the tax resulted in a "decline in Philadelphia employment of 1,192 jobs, with \$80 million reduction in GDP, and a \$54 million decline in labor income" since taking effect last year. These job losses broke out to roughly 70 percent from reduced non-beverage grocery retail, 25 percent from beverage trade and transport margins and 5 percent from bottling.
 - **Cook County Revenue Report reveals beverage tax cost county millions in sales tax revenue:** The [Chicago Daily Herald posted an article](#) on a Cook County government revenue report which indicates that the beverage tax "not only failed to bring in as much revenue as projected, but it might also have cost the county millions in sales tax revenue as consumers crossed county and state lines to buy their groceries." The beverage tax was repealed by the County Board in October following considerable consumer and business backlash. The report notes that sales tax revenue was down by \$12 million for the year. Cook County Board Commissioner John Daly, who originally supported the tax but then voted to repeal the measure, attributed the revenue shortfall to consumers angry about the beverage tax shopping elsewhere. "I've never heard so much animosity to a tax than this. People were telling me they'd go to Indiana to buy soda, and they weren't just buying their sodas there, but all their other groceries, too."

- **Study of Berkeley Tax Shows Minimal Impact on Health, Obesity:** A Duke University study published in the Harvard Business Review suggests that the Berkeley, California beverage tax will not have a significant impact on obesity as tax proponents claimed it would. The study found that half of the decrease in beverage consumption from the tax at Berkeley supermarkets was made up in increased purchases just outside the city. Given the low average consumption of sugar-sweetened beverages in Berkeley, the study estimated that calories from taxed beverages decreased by only 5.8 calories per day due to the tax. For an average diet of 2,000 calories a day, this means calories were reduced by less than half a percent daily.

- **Headlines in the News -- From Seattle and beyond:** There has been considerable media attention over the implementation of the beverage tax. The following is a small sample of headlines and links:
 - [Editorial: More Seattle business owners fight back against the regulatory state](#)
 - [Did Cook County's Failed soda tax cause sales taxes to fizzle too?](#)
 - [Soda Tax: Impact on cancer patient](#)
 - [Sugar Tax – a sweet -- or raw -- deal for Seattle?](#)
 - [Seattle's sugary drink tax could go state-wide](#)
 - [Soda Tax Sticker Shock Grips Seattle](#)
 - [Seattle's soda tax is fizzling out,](#)

- **Coalition members up in arms:** Members of the [Keep Seattle Livable for All](#) coalition and the more than 400 stores that have participated in the education campaign are sharing their views and opinions on the complexity and burden this is putting on their business and the shock and surprise that their customers are experiencing. The following are a few of the quotes from business owners expressing concern that the tax is driving their customers out of the city to buy their beverages.
 - "My uncle has run this store for over 25 years and this beverage tax has put a very steep cost on our business. Our customers are now refusing to purchase many of our popular beverages because of the increased prices." – Pardeep Kumar, 7-11 East Madison
 - "The tax makes it more difficult to do business in Seattle. I have seen customers leave their beverages at the counter and declare that they will just shop for the same products in Shoreline to save money." - David Ki, EZ Mart
 - "Throughout the 18 years of running my business, I have only noticed more and more costs to live within Seattle. This beverage tax is not only unfair to my small business, but will also make it even harder to live here." - Saad Ali, 99 Cents Plus

- **Future updates:** Look for more news/events coming later this week.

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