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As Resident Outrage Grows, Cook County Beverage Tax Devastates Retailers

*Retailers already reporting declines in weekend beverage sales exceeding 39%,
just days after the tax's implementation*

(CHICAGO - August 17, 2017) - Though only in effect for two weeks, Cook County's egregious beverage tax has already triggered massive declines in beverage sales exceeding 35 percent in some stores - IN JUST THE FIRST WEEK - as county residents express [unprecedented outrage](#) about the unfair tax.

Sales data during the beverage tax's first weekend provided by three retailers for 21 total Cook County stores is alarming. Every store reported a decline in sales of at least six percent and as much as 39 percent. Further, declines in beverage sales for stores near the Cook County border were among the highest reported amid concerns of mass consumer flight to Indiana and the collar counties as residents try to avoid paying the tax.

"For months, we have warned Cook County commissioners the beverage tax will be devastating for residents, workers, retailers and restaurants. Now, the tax is wreaking havoc on residents and businesses. It's going to get a whole lot worse if the beverage tax is not repealed soon," said Martin Sandoval, owner and general manager of [Food Market La Chiquita](#), who has warned [a significant decline in sales could force him to cut hours or lay off employees](#).

Following is a summary of sales data from the tax's first weekend:

- Tony's Finer Foods: 13 stores in Cook County
 - **28.61%**: Total year-over-year decline in beverage sales (August 2-6, 2017 beverage sales vs. August 3-7, 2016 beverage sales)
 - **39.46%**: Largest single store decline in beverage sales (Tony's Prospect Heights location, just miles from Lake County, IL)
 - 3 stores experienced declines in beverage sales **exceeding 35%**
 - 5 stores experienced declines in beverage sales **exceeding 30%**
 - 10 stores experienced declines in beverage sales **exceeding 25%**
 - Tony's Plainfield location, its only outside of Cook County, reported a **16.1% increase in beverage sales**

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Beverage Sales Down as much as 39% Just Days After Cook County Beverage Tax Implementation (cont.)

- Carnicerias Jimenez: 6 stores in Cook County
 - **18.17%** - Total year-over-year decline in beverage sales (August 4-6, 2017 beverage sales vs. August 5-7, 2016 beverage sales)
 - 3 stores experienced declines of beverage sales **exceeding 20%**
 - 5 stores experienced declines of beverage sales **exceeding 18%**
 - Jimenez’s Wheeling location, along the Cook/Lake County border, reported a **near 19% decline in beverage sales**

- La Chiquita: 3 stores in Cook County
 - **Nearly 10%**: Total decline in beverage sales (August 2-6, 2017 beverage sales compared to July 26-30, 2017 beverage sales)
 - **11.12%**: Largest single store decline in beverage sales (La Chiquita’s Cermak location)

“We knew sales were going to decline because of the beverage tax, but we didn’t think it would be this bad and this fast. It is going to be hard, if not impossible, to recover from such dramatic sales declines if the beverage tax is not repealed,” added Vince Gambino, vice president of sales and marketing at [Tony's Finer Foods](#).

Such significant declines in beverage sales just days after the tax went into effect are early warning signs the impact of the Cook County beverage tax will be as significant - and potentially worse - than what has occurred in Philadelphia, where city residents, retailers and restaurants have been plagued by increased costs, declining sales, consumer flight and reductions in worker hours and outright layoffs.

“Cook County Board members knew last fall the beverage tax would be bad for county residents, workers and businesses. It is now worse than we predicted. Customers are furious and taking all of their shopping out of the county,” said Lupe Jimenez, who has owned [Carnicerias Jimenez](#) her husband for 42 years, since 1975.

“The only way to make it stop is for the County Board to repeal the beverage tax before it is too late,” she added.

Background on Cook County Beverage Tax

The new Cook County Beverage Tax has increased prices on more than 1,000 different products, including juice drinks, sports drinks, flavored water, iced tea, lemonade and even diet drinks.

County commissioners have brought to Cook County a tax that they knew will cause significant harm to the county’s residents and small businesses. Under the new tax, Cook County residents will be paying significantly more when buying some of the most commonly purchased beverages.

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Beverage Sales Down as much as 39% Just Days After Cook County Beverage Tax Implementation (cont.)

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.

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...” (“[Controller Butkovitz Raises Concerns Over Beverage Tax Shortfalls, 6/13/17](#)”).

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Beverage Sales Down as much as 39% Just Days After Cook County Beverage Tax Implementation (cont.)

- **The city has never met its full revenue collections target** of \$7.7 million a month in beverage tax receipts. Instead, after failing for several months to achieve that goal, the **city lowered its projections by 14 percent** for the fiscal year which ended June 30. And the **city was unable to meet even that lowered set of expectations**. It closed the fiscal year **15 percent below its original projections** ([Philadelphia Business Journal, 7/24/17](#), [Philadelphia Business Journal, 6/23/17](#)).
- Given these uncertainties, the **state board which oversees Philadelphia's finances has flagged the city's continued reliance on the beverage tax**, as well as its consistently overly optimistic revenue forecasts, as a point of concern ([Philadelphia Inquirer, 7/18/17](#)).

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.

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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