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Taxing Sugar to Fund a City

By MARK BITTMAN
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Credit: Walter Green

OVER the last decade or so, taxes on sugar-sweetened beverages have been proposed in a handful of American cities; they've failed all but once. Sometimes, this has been through a lack of governmental support — in 2009, David Paterson, then governor of New York, quickly gave up on his proposal for a tax — but mostly their advocates' efforts have been overwhelmed by injections of cash from soda manufacturers and distributors.

Things changed 18 months ago, when a penny-per-ounce excise tax on soda and its relatives (heavily sweetened tea, sugar-added juices and so-called energy drinks) was approved by a 3-to-1 margin by voters in Berkeley, Calif. Conventional wisdom (and the soda industry) immediately labeled Berkeley a wacky anomaly. But in fact that East Bay university town is a harbinger: It was the first, or among the first, to voluntarily and intentionally desegregate schools, make sidewalks wheelchair accessible, establish a municipal recycling program and limit fast-food packaging and indoor smoking. Each of these was radical in its time, and all are now common — as I believe soda taxes will be five years from now.

The Berkeley tax "works": Prices have gone up, and some stores have stopped selling taxed beverages altogether, although it's too soon to tell whether consumption has declined or how much money has been generated. So the door has been opened, and this year four cities in Northern California — San Francisco, Oakland, Albany and Richmond — are considering a soda tax, along with Illinois and Boulder, Colo. Britain plans to establish a national soda tax in 2018, and India, Indonesia and other countries are debating one. And no consideration of this subject can omit Mexico, which established a national tax on soda and junk food in January 2014. In that laboratory of 120 million people, sales of sugary beverages have indeed declined, while those of bottled water have increased.

This year's biggest news in this arena could come from Philadelphia, the country's fifth biggest city, where a tax as high as three cents per ounce may be voted out of committee as early as Wednesday, and come to full vote in the City Council in a few weeks. The plan, part of Mayor Jim Kenney's budget package, is especially interesting for four reasons. One, no public referendum is needed, as the council approves the budget. Two, its passage in the spring may pave the way for other cities to get a tax on their ballots this November. Three, even die-hard soda tax advocates usually recommend two-cents-per-ounce as an acceptable level; three cents is wildly optimistic (and, indeed, may be seen as an opening bid with an opportunity for compromise).

Finally, in what is by some measures the country's poorest big city, the tax is being billed as an anti-poverty initiative. Until now, every proposed soda tax has been sold first as a health measure; income from the tax has been secondary — destined for the general fund in Berkeley and, in Mexico, for establishing safe, free drinking water.

Mayor Kenney's plan is different. The tax is being pitched as one that will pay for services for the city's needy, and especially children — community schools, universal prekindergarten (which has overwhelming support), parks, recreation centers, libraries — rather than as one that will discourage people from consuming a damaging product. The health effects, of course, are equally beneficial, but Mayor Kenney and his allies maintain that there is simply no better way to raise this much-needed funding (an estimated $95 million annually) than to tax sugar-sweetened beverages.

"We are going to a source where there is substantial profit," Mayor Kenney said to me in a phone interview last week, "and one that has the ability to take that hit and not skip a beat. They sell more of their product in poor communities than elsewhere, and for generations none of that profit was passed on to those communities. There is no downside to this other than that the three major soda companies may make a little less money."

The soda producers and distributors, as well as the Teamsters members who deliver the product, argue that the tax is a job killer, and may spend as much as $10 million to make that case. There's zero evidence to substantiate that claim; people who don't buy soda will most likely buy other beverages, in most cases produced by the same companies.

There are those — including the Democratic presidential candidate Bernie Sanders — who oppose soda taxes as a regressive tax on the poor. But it is poor people who are disproportionately targeted in the marketing of sugary foods, and poor people who most suffer the health consequences of consuming them. Furthermore, as Philadelphia's plan demonstrates, this tax will benefit low-income residents in two ways: It will increase their services and decrease their likelihood of developing chronic disease. Nothing regressive about that.

The logic of taxing sugar-sweetened beverages has been clear for a decade; every delay in doing so means dooming another percentage of our children to the increased threat of diabetes and other diseases. As Philadelphia and other cities consider this move, the federal government should follow their lead.

Mark Bittman, a former New York Times columnist, is a fellow at the Union of Concerned Scientists.

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