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Testimony in Support of
S.B. 877, AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE GOVERNOR'S BUDGET.

March 15th, 2019

Senator Fonfara, Representative Rojas, Senator Witkos, Representative Davis and members of the Finance, Revenue and Bonding Committee. Thank you for the opportunity to testify in support of S.B. 877, An Act Concerning Revenue Items To Implement The Governor's Budget.

My name is Kayla Goldfarb and I am a Policy Analyst for the Connecticut Association for Human Services (CAHS). CAHS is a statewide nonprofit that works to reduce poverty and promote equity and economic success for children and families through both policy and program initiatives. CAHS is pleased that the Governor's bill includes Section 58, which would impose a tax of one and one half cents per ounce on sugar-sweetened beverages.

From soda, to sugary energy drinks, to heavily sweetened coffees and teas, our sugar consumption is out of control. The average American takes about 145 calories from sugar-sweetened beverages on a given day. [i] Excessive consumption of sugar-sweetened beverages is a particular issue for New Englanders, too; adults living in the Northeast are most likely to report drinking sugar sweetened beverages one or more times a day compared to adults elsewhere in the country. [ii]

The sugar sweetened beverage industry has devoted substantial resources to combat the idea that excess soda consumption is to blame for rising national obesity levels and the associated health care costs; a study by researchers at the University of California, San Francisco found that of the 26 studies out of 60 studies reviewed that failed to find a correlation between sugary soft drinks and obesity and diabetes, 100 percent of had been financed to some degree by the SSB industry.[iii] Nevertheless, more rigorous and independent research has shown that the consumption of non-nutritionally valuable soft drinks, which on average contain 18 teaspoons of sugar at 240 calories per 20-ounce beverage[iv], is linked to increased body weight and risk of obesity among children, adolescents, and adults.[v]

As American obesity rates continue to climb, forecasts of the nation's future health outcomes have grown increasingly pessimistic; by 2030 a majority of the population will be obese[vi], while CDC estimates warn that by 2050 a more than three fold increase in the number of adults with diagnosed diabetes will mean that 1 out of every 3 adults in the United States will have Type 2 diabetes.[vii] The indirect and direct medical costs of obesity in the United States are significant; the medical costs alone of obesity have most recently been estimated at $147 billion, one third of which are passed on to the public through Medicare and Medicaid spending.[viii] In addition to the medical costs of obesity, the annual national cost of obesity-related absenteeism, incurred by employees being absent from work because of obesity related health issues, has been estimated to fall between $3.38 billion ($79 per obese individual) and $6.38 billion ($132 per obese individual).[ix]

In light of a growing body of research pointing to the particularly detrimental effects of sugar consumption on obesity, diabetes, cardiovascular disease, and nutrient intake[x], public health officials in many jurisdictions are progressively turning to the promise of an excise tax on sugar sweetened beverages (SSBs) to moderate excess sugar consumption. Though sugar sweetened beverages are certainly not the sole cause of obesity in the United States, rationale for taxing SSBs rather than fatty foods is that SSBs are associated with low satiety and are "empty calories" that are not nutritionally necessary for survival. As determined by A. Pan and F. Hu in a study of the comparative satiety of liquid versus solid energy consumption, drinking soda is not associated with

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compensatory caloric reduction in subsequent meals, meaning that calories from soft drinks are just added onto an individual's existing diet.[xi]

Critics of excise taxes on sugary drinks have rightly raised concerns that the tax is regressive; research by E. Han and L. Powell on cross-sectional analyses of diet, demographic characteristics and socioeconomic status (SES) over 9 years found that heavy SSB consumption (in an excess of 500 kcal per day) was most prevalent among low-income individuals, with lower SES adolescents leading with the highest caloric intake from SSBs. [xii] As the largest consumers of SSBs, lower income individuals would thus be contributing the most to the revenue collected from taxed beverages. However, data suggests that while the overall demand for SSBs is only slightly elastic, adolescents with heavy SSB consumption have been shown to be much more responsive to changes in the price of SSBs. Among this demographic group, a 15-20% increase in the price of soda would result in a more significant reduction in total SSB consumption, which is particularly important given the wealth of information to suggest that interventions that reduce habit forming behaviors like the consumption of sugar sweetened beverages are more effective in children and adolescents.[xiii]

However, in order for this to work, this must be an excise tax, rather than a sales tax. A sales tax would not allow the consumer to see the increase in price when selecting their items and would not successfully influence a change in consumers' behavior and subsequent health. An excise tax, however, would force the wholesale distributor to pay a tax based upon the amount of product sold. This cost would be passed down to the consumer in a visible way, encouraging them to make healthier choices.

An excise tax of one and one half cents per ounce on sugar-sweetened beverages is a valuable tool with which to reduce our consumption of empty-calorie sugar-ladened drinks, while creating much needed tax revenue. Facing a serious need for revenue generating options, and in light of the negative health impacts of sugar-sweetened beverages, the Connecticut Association for Human Services urges the committee Governor's bill includes Section 58, which would impose a tax of one and one half cents per ounce on sugar-sweetened beverages. Thank you for the opportunity to submit testimony in support of S.B. 877, An Act Concerning Revenue Items To Implement The Governor's Budget.

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