Appendix E:
Recommendations

This appendix lists all the recommendations contained in the full report. Please consult the full report for additional information.

Equity Intent

- Include equity intent as a key purpose of the tax legislation and include reductions in disparities as a desired outcome.
- Include the intention to invest revenues in priority communities impacted by inequities or disproportionately affected by sweetened beverages as a key purpose of the tax legislation. Revenues should address the disparities affecting priority communities and the underlying social, economic, racial, and other factors that cause the disparities.
- Identify priority communities by their racial/ethnic, socioeconomic, and/or age characteristics or more broadly as those most affected by inequities or disproportionately affected by sweetened beverages.
- Specify the type(s) of equity the legislation addresses and define what is meant by "equity." Consider health, racial, and economic equity.
- Include descriptions of equity issues and disparities as legislative findings.

Additional Legislative Intent

- Include any additional purposes relevant to the jurisdiction as legislative intent, such as specific concerns (e.g., chronic diseases), conditions and issues shaping these concerns (e.g., access to healthy food), or the types of programs that will be supported (e.g., fruit and vegetable subsidies).
- Include the explicit intent to invest tax revenues used to address these additional purposes in priority communities and define these communities. Consider as priority communities those mentioned in the preceding section describing equity intent.

Dedication

- Establish a special budget fund for deposit of tax revenues dedicated to specific purposes. This is the best mechanism to ensure that revenues are used as intended. While legislation typically establishes a new special fund, it is possible to use an existing special fund alone or in combination with a new one.
- Clearly describe allowable uses of tax revenues deposited in the special fund, consistent with the legislatively expressed intent. Language describing uses should balance flexibility to meet changing needs with clarity of description of permitted uses.
- Include non-supplantation language that restricts use of funds to expansion of existing programs or creation of new ones and prohibits backfill of other appropriations.
- Designate that any unspent balances in a special fund must be carried forward in the special fund to the next budget.

1 Preferably, create the fund in the legislation establishing the tax. If a special fund is not included initially, subsequent legislation can create one later. If it is not possible to set up a special fund due to legal or political constraints, an alternative is to clearly specify intent for revenue allocations through a legislative intent statement in the bill or public statements by policymakers during the bill adoption process.
cycle and not be moved to the general fund or another fund.

**Revenue Allocation**

- Include legislative language that describes the programs and activities to be supported with tax revenues and the communities that will benefit from these allocations.
- Allocate revenues to address the health disparities noted in legislative intent, especially those caused by conditions associated with sweetened beverage consumption.
- Allocate revenues to support programs and activities in priority communities that address community-defined priorities and reflect community values. Use both scientific evidence and the lived experience of people from priority communities to inform selection of programs and activities. Note that allocations have varied substantially across jurisdictions, indicating there is no uniform best use of revenues.
- Consider allocating revenues to support programs and activities that address societal costs related to sweetened beverages and that reduce sweetened beverage availability, sales, purchases, or consumption (e.g., public awareness and counter-marketing campaigns).
- Allocate revenues to pay for tax administration and enforcement costs.
- Allocate revenues for monitoring and reporting on tax implementation and for evaluation of tax impacts.
- Specify equity objectives and outcomes for revenue allocations.
- Consider flexible allocation targets that can adapt to changing community priorities or define targets broadly enough to accommodate changing needs.
- Establish grantmaking programs that award a portion of revenues to NGOs, especially those working in priority communities and led by people from those communities.

**Participation by communities and other interested parties**

- Establish an advisory board to advise government on tax implementation, including allocation\(^2\) of tax revenues.
- Specify and tailor criteria for advisory board membership to align with the purposes of the legislation and jurisdictional context. The board should include people with the expertise needed to make recommendations on allocations. Consider reserving a majority or supermajority of board positions for community members with lived experience and including the following as either board members or expert advisors to the board:
  - Staff from organizations serving priority communities and led by people from the community.
  - Public health officials
  - Health and dental care providers
  - Representatives of organizations from sectors designated for funding (e.g., schools)
  - Subject matter experts in fields relevant to allocation targets and tax implementation (e.g., chronic disease prevention, community engagement, health equity, policy and program evaluation).
- Include provisions to prevent conflict of interests and prohibit participation by people employed by or associated with the beverage industry.
- Specify an appointment process. The process for non-government members should be open and transparent. For example, government should publicize the opportunity to participate in the advisory board, seek nominations from the community (including self-nominations), and develop a transparent selection process.
- Core roles for an advisory board include:
  - Making recommendations about allocation of revenues
  - Monitoring and reporting on tax implementation, including revenues collected and allocated, and programs and activities funded
  - Advising on evaluation of tax impacts and implementation.
- Additional roles may include:
  - Reviewing grant applications for programs funded by tax revenues and making funding recommendations

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\(^2\) Note that there may be jurisdiction-specific rules, regulations or precedents that govern roles, powers, structure, composition, and appointment of board members.
• Advising grant recipients about management of programs funded with tax revenues.
• Include funding for advisory board administrative support.
• Compensate participating community members, including community organization staff whose time is not covered by salary and staff of low-budget community-based organizations.

Reporting

• Require an annual public report on implementation of the tax legislation that includes:
  o Revenues received
  o Revenues deposited in any special funds
  o Revenues allocated and expended
  o Any appropriation or carry-forward of unspent funds
  o Fund balance of special fund or line item in general fund
  o Programs and activities funded by allocations – amounts allocated, program and activity descriptions, fund recipients, and program and activity evaluation findings, if they are available
  o Advisory board recommendations for allocations compared to actual allocations (if tax policy creates an advisory board)
  o Advisory board description – membership, decision making processes (if advisory board).
• Assign responsibility for development of the report to an advisory board (with support from government staff) or to a specific government agency in absence of a board.
• Make the report publicly available and easy to access. At a minimum, post it on a government website and distribute it to interested parties.
• Require evaluation of tax impacts and implementation processes and include specific evaluation objectives such as:
  o Assessment of tax impacts on sales, purchases and/or consumption of taxed products; health equity; conditions associated with sweetened beverage consumption; employment; and business revenues
  o Assessment of tax implementation, including tax collections, tax evasion, fiscal accountability, and equity and fairness of administration and enforcement.
  o Impact and performance measures of programs and activities funded with tax revenues.
• Dedicate funding for report development and dissemination and any required evaluation activities.