

# Soda Tax in West Virginia

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# Overview

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- Current West Virginia Soft Drinks Tax, WV Code §11-19-2
- Other Soda Taxes
- Public Health and Soda
- Soda Consumption in West Virginia
- Is a Soda Tax Regressive?
- Case for Increasing the Soda Tax

# West Virginia Soft Drinks Tax

- WV Code §11-19-2
  - “For the purpose of providing revenue for the construction, maintenance and operation of a four-year school of medicine, dentistry and nursing of West Virginia University, an excise tax is hereby levied and imposed on and after midnight of the last day of June, one thousand nine hundred fifty-one, upon the sale, use, handling or distribution of all bottled soft drinks and all soft drink syrups, whether manufactured within or without this state, as follows...”



# What is Taxed?

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- Bottled or canned soft drinks, soft drink syrup, soft drink dry mixture
- “Any and all nonalcoholic beverages that contain natural or artificial sweeteners”
  - Soda water, lemonade, bottled or canned sweet tea, chocolate milk, packets of Kool-Aid
  - Also includes syrups used for coffee and tea-based drinks
  - Uncarbonated water, milk with no flavoring, and natural/undiluted fruit and vegetable juice
- 1 cent on each 16.9 ounces or fraction of the amount of fluid
- Soft drink syrup: 80 cents per gallon
- Dry mixture: 1 cent on each ounce
  - This includes powdered creamers, iced tea mixes, instant breakfast mixes, Ovaltine, Tang

(AF) - ALL FLAVORS

THIS IS NOT AN ALL-INCLUSIVE LISTING. - All similar and like products would also be taxable.

BRANDS

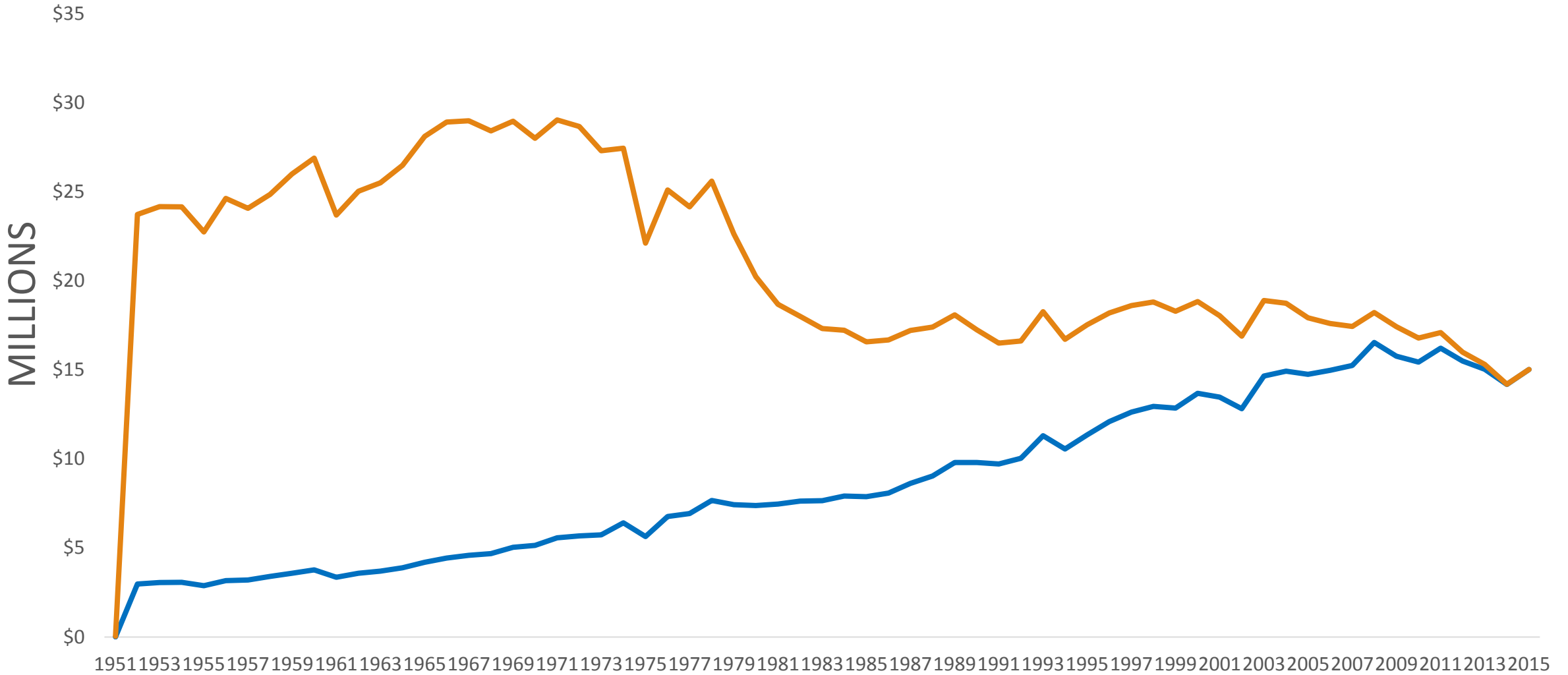
A & W Root Beer  
Alpenglow Sparkling Cider (AF)  
Big K (AF)  
Big Red Pop  
Caffienated Water (AF)  
Canada Dry (AF)  
Canfield (AF)  
Cappi Iced Coffee (AF)  
Chocolate Cow  
Clearly Canadian (AF)  
Club Soda  
Coca-Cola (AF)  
Cott (AF)  
Cotton Club  
Country Time  
Crush (AF)  
Diet Rite Cola  
Dodge City Sarsaparilla  
Double Cola  
Dr. Pepper  
Famous Amos Chocolate Drink  
Fanta (AF)  
Faygo (AF)  
Food Club  
Fresca  
Generic Brands of all products  
Ginger Ale  
Hansen's Natural Soda  
IBC Root Beer  
Jolt  
★ LaCroix Mineral Water (with flavoring added)  
★ Lemon Tree  
Liptons Iced Tea (canned and/or bottled)  
Mello Yello  
Mineral Water (with flavoring added)

BRANDS

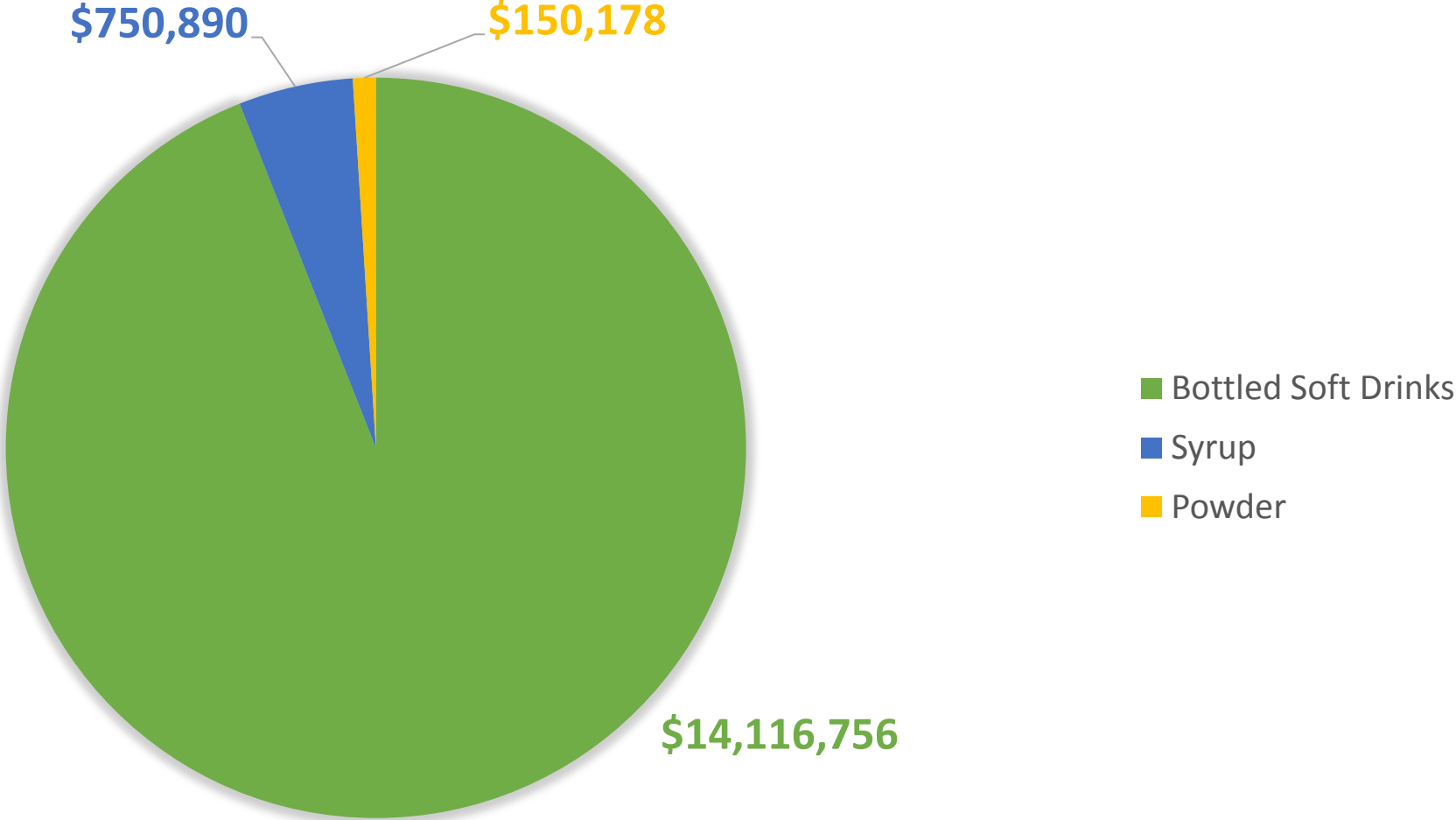
Minute Maid (AF)  
Mountain Dew  
Mr. Pibb  
Nchi (AF)  
Nestea Iced Tea  
Nu-Grape  
Pennsylvania Dutch Birch Beer  
Pepsi Cola (AF)  
Perrier Water (with or without flavoring added) ★  
Quibell Water (with flavoring added)  
Quinine Water  
Rocky Top (AF)  
Royal Crown Cola (AF)  
Schwepps  
Scagrams (AF)  
Seltzer Carbonated Water (with or without flavoring added) ★  
Seven Up  
Shasta  
Slice (AF)  
Sprite  
Squirt  
Sun Dance (AF)  
Sunkist  
Sure Fine  
Snapple Iced Tea  
Tahitian Treat  
Tonic Water  
Upper Ten  
Vernors  
Weight Watchers  
White Rock (AF)  
Yoo - Hoo (canned and/or bottled)  
Welch's Sparkling Grape Juice (AF)

# West Virginia Soft Drinks Tax Revenue, 1951-2015

— Actual Revenue — Inflation Adjusted



# BREAKDOWN OF SOFT DRINKS TAX REVENUE, 2015



# Other states and where the money goes

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- Arkansas
  - Roughly 2 cents per 12 ounce can of soda
  - \$631 million in revenue from 2001 to 2014
- Virginia
  - Gross receipts tax; dedicated to Litter Control and Recycling Fund
- Tennessee
  - Gross receipts tax; Litter Grant Program
- Philadelphia
  - 1.5 cent tax per ounce
  - Pre-K Education, Parks and Recreation rehabilitation, Community schools
- Berkeley
  - Penny-per-ounce



# Mexico

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- 2013, country-wide soda tax
- 2 peso per liter, so about 6 cents
- Public health programs to prevent obesity and expand clean water access
- Drop in soda sales of up to 10 percent
- Drop in consumption by 9 percent in low-socioeconomic status households

# Voting in November

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- San Francisco
- Oakland
- Albany, California
- Boulder, Colorado

# Public Health and Soft Drinks

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- Sugar-Sweetened Beverages (SSBs) linked to overweight, obesity, and chronic illness
- Americans drink about 45 gallons per person, per year
- SSBs linked most notably to obesity and type 2 diabetes
- High blood pressure, stroke, cardiovascular risk, dental erosion, pancreatic cancer, gout

# Sugar-Sweetened Beverages

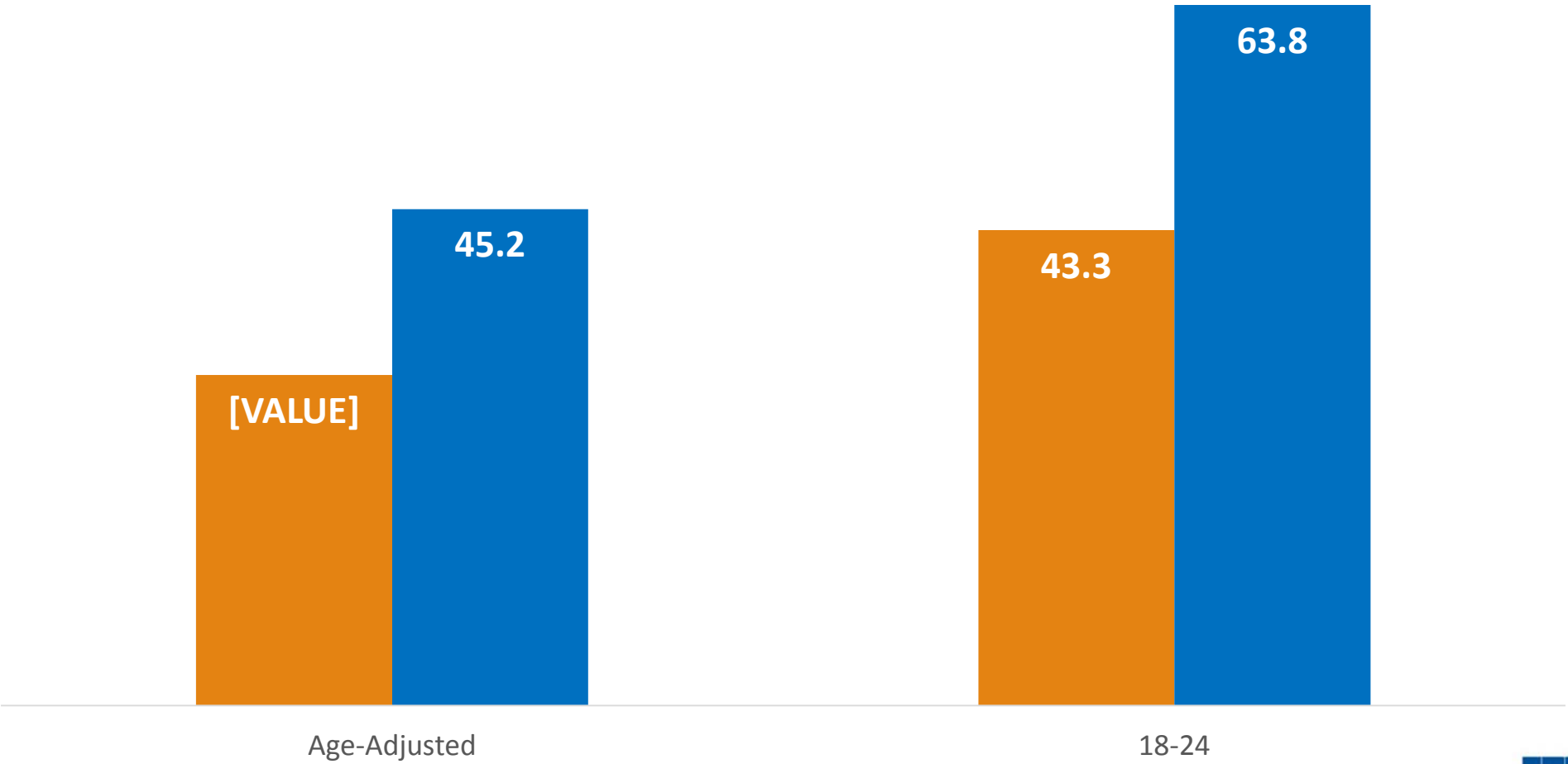
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- All calories come from sugars
- FDA suggests limited sugars to 50 grams a day
- Completely devoid of nutritional value
- Liquid sugars
  - Do not make you feel full
  - More sugary drinks, more calories from any source

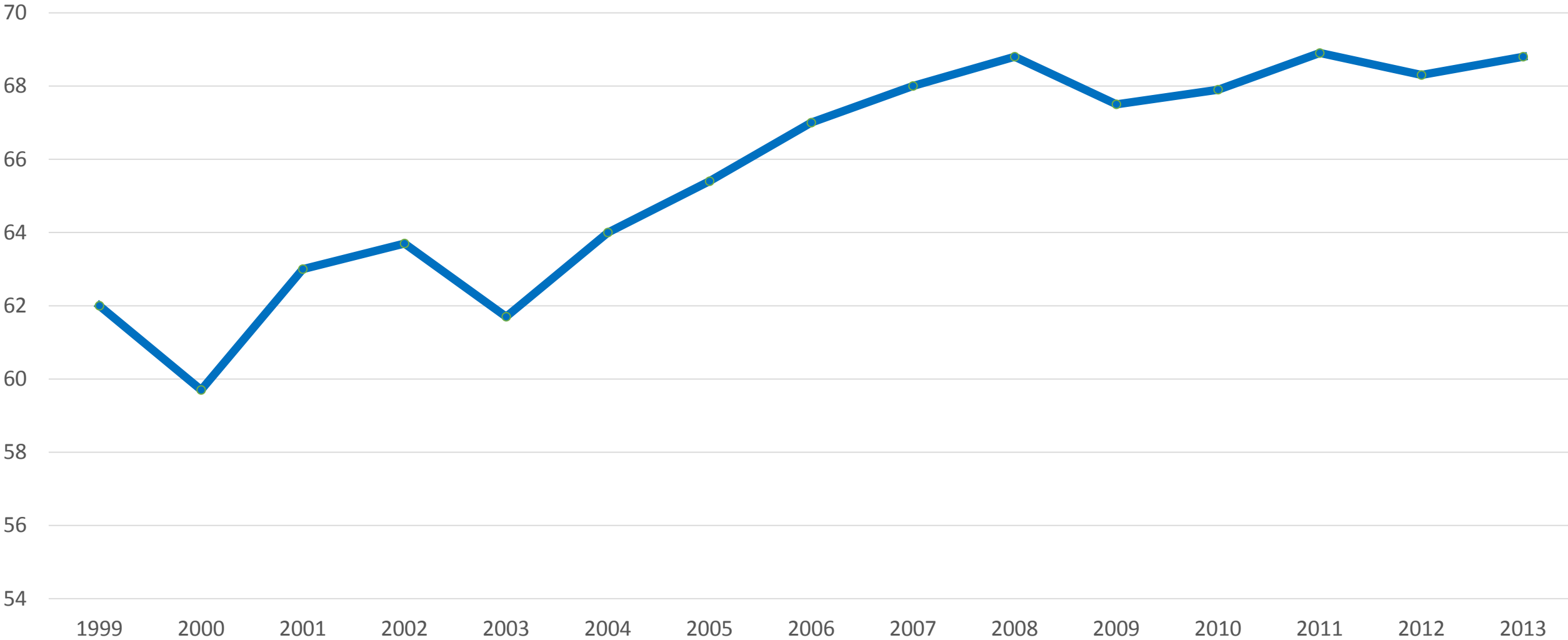
| Product                      | Serving Size    | Calories | Total Fat (g) | Saturated Fat (g) | Sodium (mg) | Sugar (g) | Carbs (g) | Protein (g) |
|------------------------------|-----------------|----------|---------------|-------------------|-------------|-----------|-----------|-------------|
| Coca-Cola                    | 12 ounces       | 140      | 0             | 0                 | 45          | 39        | 39        | 0           |
| Mountain Dew                 | 12 ounces       | 170      | 0             | 0                 | 65          | 46        | 46        | 0           |
|                              | 20 ounces       | 290      | 0             | 0                 | 105         | 77        | 77        | 0           |
| Gatorade                     | 20 ounces       | 130      | 0             | 0                 | 270         | 34        | 34        | 0           |
| Starbucks Carmel Frappuccino | 16 ounces       | 280      | 3.5           | 2                 | 220         | 59        | 60        | 3           |
| Big Mac                      | 216 g           | 560      | 34            | 11                | 1070        | 8         | 47        | 24          |
| Lays Potato Chips            | 28 g (15 chips) | 160      | 90            | 1.5g              | 170         | <1        | 15        | 2           |

# Daily Sugar-Sweetened Beverage Consumption West Virginia vs National Average, 2013

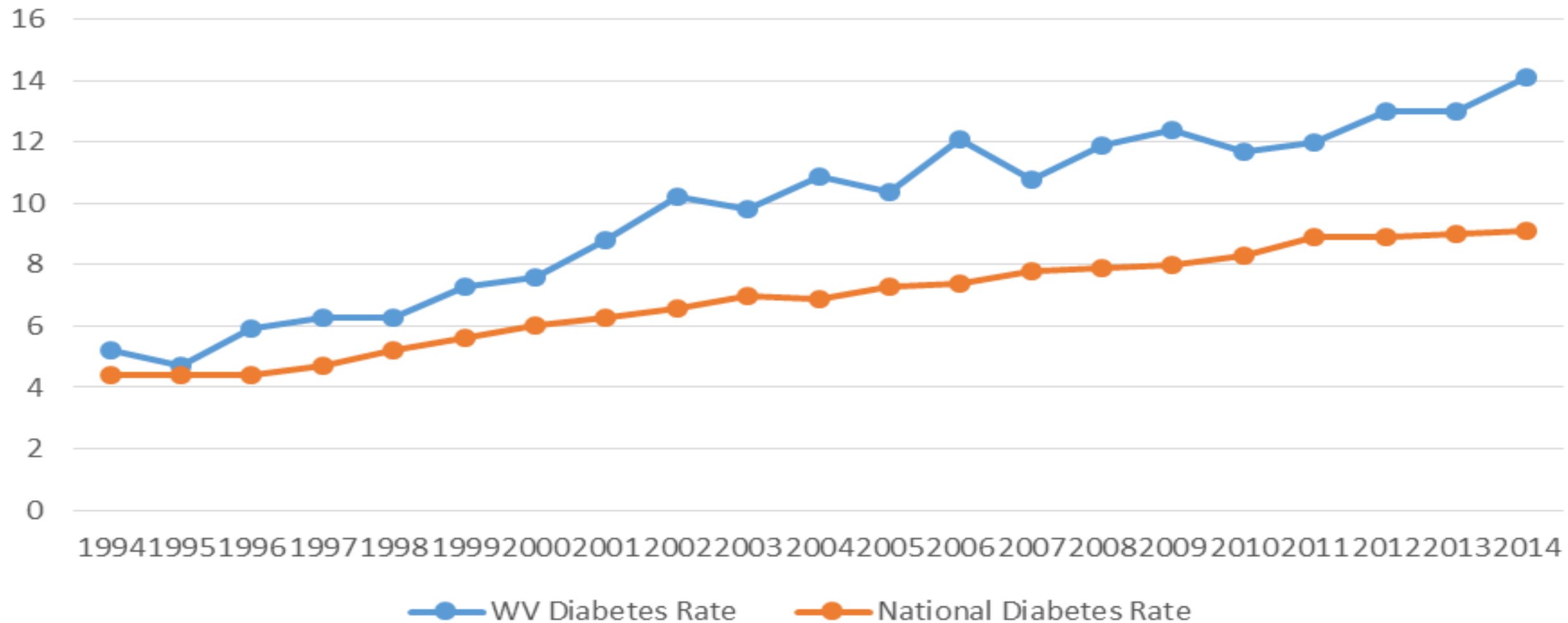
■ US Average ■ West Virginia



# Percent of Overweight or Obese Adults in West Virginia, 1999-2013



# National vs West Virginia Prevalence of Diabetes, 1994-2014





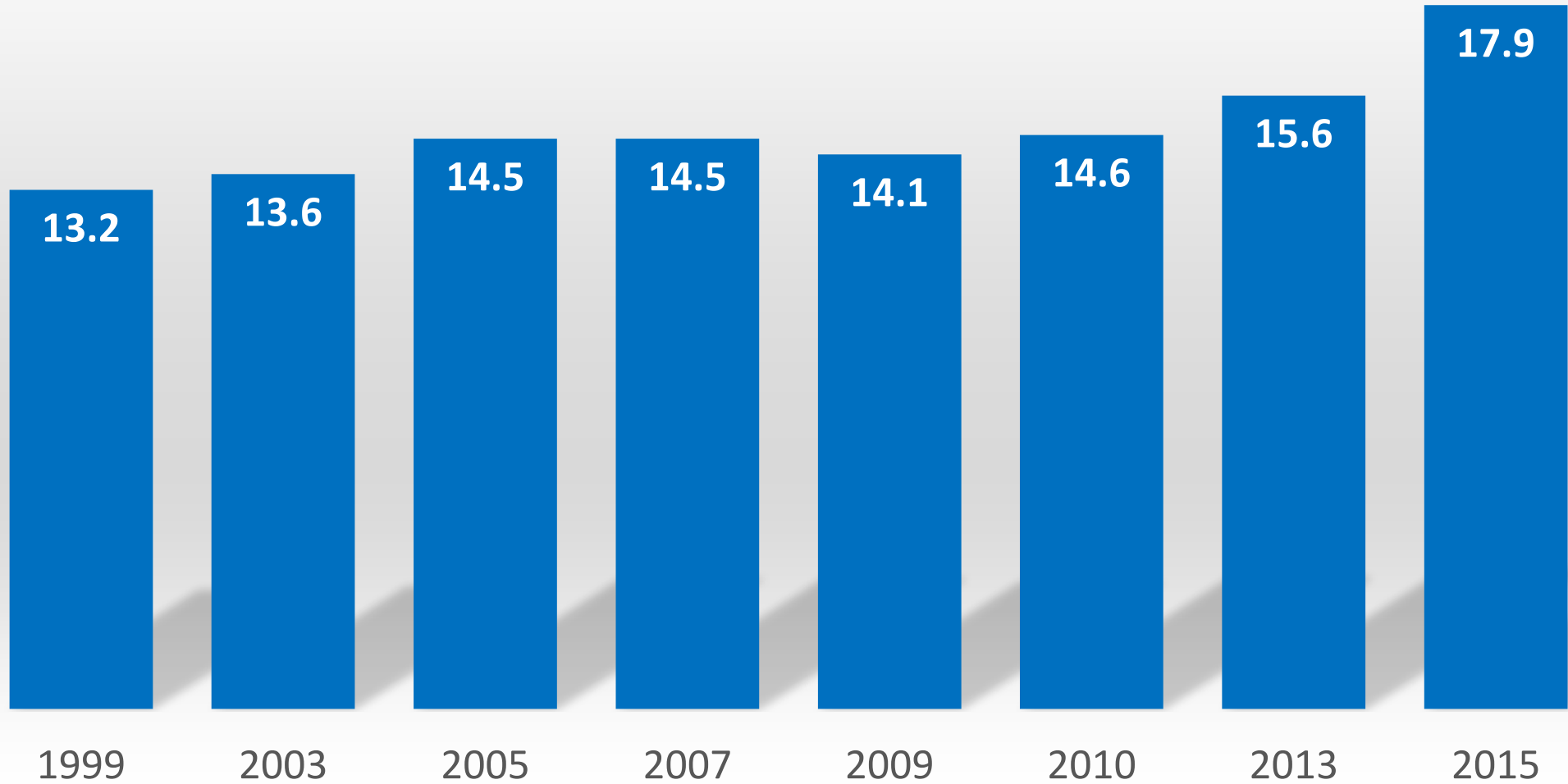
# Diabetes in West Virginia

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- 2012: Direct medical expenses for diabetes in WV was \$1.9 billion
- Another \$627 million was spent on indirect costs from loss of productivity
- Estimated total cost spent on diabetes: \$2.5 billion

# West Virginia High School Obesity Rate, 1999-2015

■ Obesity Rate



# Is a Soda Tax Regressive?

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- While lower-income populations may be disproportionately affected by a soda tax, they are also disproportionately affected by overweight, obesity, and other health conditions
- Earmark funds for Medicaid, and to encourage and support physical activity programs in schools, childhood obesity prevention programs, oral health programs, school gardens, and parks and recreation
- Lower-income populations would be the primary beneficiaries of these programs while also reaping benefits of better health and reduced risk of chronic diseases

# Changing the Current Soft Drinks Tax

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- Takubo and Stollings
  - Increase to 5 cents
  - More than \$44 million in revenue
  - 40% WVU Medical Schools, 20% Marshall University Medical School, 20% WV Osteopathic School 20% Medicaid Expansion
- House Bill
  - No increase
  - Split revenue evenly between WVU Medical Schools and special Higher Education Fund

# Penny-Per-Ounce Tax

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- Penny-per-ounce tax on SSBs could result in more than **\$87 million** in revenue
- Upwards of a \$300 million budget deficit; revenue could be directed toward Medicaid expansion
- May 2016: 550,000 West Virginians were enrolled in Medicaid
- 11.8 percent of all spending on Medicaid is attributable to obesity
- Could reduce adult obesity by 1.5 percent
- Could drop diabetes incidence rate by 2.6 percent

## Estimated Revenue of a Penny-per-Ounce Tax in West Virginia

| Year | Revenue Amount |
|------|----------------|
| 2013 | \$90,064,491   |
| 2014 | \$89,456,651   |
| 2015 | \$88,890,303   |
| 2016 | \$88,366,409   |
| 2017 | \$87,886,000   |

# Questions?

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