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Healthy Beverage Choices Act of 2019 Questions & Answers

Why is a sugary drink tax necessary?

Sugary drinks like sports drinks and sodas represent a real health risk to kids. On average, children in the U.S. consume over 30 gallons of sugary drinks every year, and each week drink up to ten times the amount recommended by the American Heart Association. Scientific evidence shows that consumption of sugary drinks is a major contributor to increasing rates of diabetes and heart disease. Nearly half of all adults living in the District have diabetes or prediabetes, which is responsible for \$700 million in direct medical costs and indirect costs annually due to lost productivity. The beverage industry further exacerbates these health disparities by targeting communities of color, with Black children and teens seeing more than twice as many TV ads for sugary drinks than their white peers. According to DC Department of Health data, approximately 15% of residents in Wards 7 and 8 had diabetes in 2015-2016, about 4 times the rate in Ward 3.

How much is the proposed tax?

The bill repeals the existing 8% *sales* tax on sugary drinks (passed in 2010 and raised in 2019) and creates a new 1.5 cent per ounce *excise* tax on sugary drinks in the District. An excise tax means the change in price would appear on the price tag rather than at the register. Similar sugary drink excise taxes in Philadelphia and Berkley reduced consumption of sugary drinks while funding needed programs.

What kinds of beverages will be taxed?

For the purpose of this legislation, a sugary drink means any beverage that has a natural common sweetener. Natural common sweetener includes granulated white sugar, brown sugar, sucrose, fructose, glucose, and other sugars. The types of beverages taxed will include, but not be limited to, soda, sports drinks, energy drinks, sweetened ice teas, coffee drinks, and syrups or other concentrates that are intended to be used in the preparation of a beverage, such as self-serve soda fountains.

Are any beverages explicitly exempt from being taxed?

Yes. The following items are explicitly exempt: Any beverage where milk is the primary ingredient; any beverage for medical use; infant or baby formula; 100 percent natural juice or vegetable juice with no added caloric sweetener; alcoholic beverages; or any unsweetened drinks to which purchasers can add, or can request that the seller add, sugar or a sweetener, at the point of sale. Additionally, drinks with artificial sweeteners, such as diet soda, are not taxed.

How much revenue will be generated and how will it be used?

The legislation will generate an estimated \$20 million per year, which will fund programs that help communities most affected by sugary drinks and lack of access to healthy food. It will:

- Fund portions of the “Birth-to-Three” Act that will expand childcare access by providing payments to child development facilities for infants and toddlers.
- Expand funding for a variety of healthy eating/food programs, including the Department of Health’s Food as Medicine programs (such as Produce Rx) that increase access to fresh fruit and vegetables in communities with the least access.
- Provide funding to manage and improve parks and open spaces.
- Establish grants—to be administered by the Food Policy Council—for programs that promote healthy eating, physical activity, and chronic disease prevention.

The legislation will allocate the revenues to the programs in the table below in order of priority.

Program	Allocation
Replacing funding for programs funded by the current 8% sales tax, which is repealed by this bill	\$TBD
Birth-to-Three for All DC	\$5,000,000.00
Food as Medicine Interventions	\$5,000,000.00
Healthy Food Retail Program	\$200,000.00
Healthy People, Healthy Places Open Space Grant Program	\$2,500,000.00
Food Policy Council grants program	Remaining balance

Detailed Description of Each Program:

Birth-to-Three All for DC – fund payments by OSSE to child development facilities for infants and toddlers under the Birth-to-Three for All DC Amendment Act of 2018.

Food as Medicine Interventions – fund healthy food-as-medicine programs for food-insecure populations, through DC Health. Based on the long-term consensus that nutrition is essential to health, food-as-medicine programs promote healthy food as an effective treatment for diet-related chronic disease and a strategy to decrease healthcare costs. DC Health is currently running a Produce Prescription (Produce Rx) Program out of the Ward 8 Giant that allows

medical professionals to prescribe fresh fruits and vegetables to patients experiencing diet-related chronic illness. Funds from the tax would be used to expand the Produce Rx program to other locations and to support similar and complementary food-as-medicine programs in the District.

Healthy Food Retail Program – expand access to healthy foods in eligible areas that are underserved by retail sales of healthy food, administered by DSLBD.

Healthy People, Healthy Places Open Space Grant Program – establish a new grant program that funds enhanced park operations, management, maintenance, infrastructure and capital improvements, and recreational and educational programming of parks and open spaces.

Food Policy Council Grants Program – Any remaining revenue will be used by the Food Policy Council to issue grants that fund programs that promote healthy eating and active living and prevent or reduce the health consequence of the consumption of sugary drinks.