

# Soda Taxes Raise Prices in Philly Airport, Even In Untaxed Stores



By Ruth Kava — October 27, 2017



via Google Images

Now that smoking has become an aberration rather than the norm, locales that are missing their tobacco tax money seem to look for another source of revenue. Enter the tax on sugar-sweetened beverages or SSBs. Supposedly a tax will raise the price of these items and thus discourage consumption. And of course, some think this will help with the obesity problem.

So what's happened in the most recent municipality to implement an SSB tax — Philadelphia? That city's SSB tax went into effect January 1, 2017, and there is a bit of information about its effects.

First, as CNBC recently [reported](#) <sup>[1]</sup>, the amount of revenue generated for the city by the tax is about 15 percent lower than had been predicted. And, as has also been predicted, sales of carbonated soft drinks fell by 55 percent in the city — but rose by about 38 percent just outside the city limits.

Further, some interesting data on the effect of the SSB tax on consumer prices was just [reported](#) <sup>[2]</sup> in the journal JAMA. Dr. John Cawley from Cornell University and colleagues compared the changes in the prices of colas pre-and post-implementation of the SSB tax at vendors in the Philadelphia International Airport.

These investigators purchased 20-ounce containers of Coke and Pepsi from 31 stores in the airport. Since this airport actually straddles the city limits, 21 of these stores were inside the city and thus subject to the tax, while ten were in a different locale (Tinicum) which was not.

On average, in December 2016 before the tax was implemented, the mean price per ounce of cola

was 12.37 cents on the untaxed side and 12.53 cents per ounce in the taxed side. By February 2017, that price had increased to 12.93 on the untaxed side and 13.92 on the taxed side. Thus, the price had risen significantly more on the taxed side.

The investigators calculated that overall, 55.3 percent of the tax was passed along to consumers. In the taxed stores, however, 93 percent of the tax was passed to consumers by February.

One might query why the stores in the untaxed part of the airport also raised prices? Probably because they could, and it would simply add to their profits.

The extent to which these data reflect what will happen in the greater Philly area remains to be seen. This study reflects only the effects of the tax on two brands of SSBs, and in a situation where at least some of the consumers had little choice about where they bought their drinks.

But the real question, of course, is whether, even if consumers do opt to decrease their purchase of SSBs in the face of this tax, will that mean lower calorie consumption overall, and thus a lessening of the prevalence of obesity? Only time will tell.

---

COPYRIGHT © 1978-2016 BY THE AMERICAN COUNCIL ON SCIENCE AND HEALTH

---

**Source URL:** <https://www.acsh.org/news/2017/10/27/soda-taxes-raise-prices-philly-airport-even-untaxed-stores-12033>

**Links**

[1] <https://www.cnbc.com/2017/08/22/philadelphias-soda-tax-isnt-the-windfall-some-had-hoped-for.html>

[2] <https://jamanetwork.com/journals/jama/fullarticle/2660167>