TESTIMONY: New York's Soda Tax

By ACSH Staff — February 3, 2009

The following statement was submitted on February 2, 2009 by ACSH's Dr. Ruth Kava to New York State's Senate Finance Committee and Assembly Committee on Ways and Means during discussions of 2009-2010 budget plans for health and Medicaid.

As a non-profit, independent public health organization, the American Council on Science and Health provides sound, science-based information on numerous issues that can affect the public's health -- including obesity. We appreciate this opportunity to present testimony regarding the purported health effects of the proposed 18% tax on sugar-sweetened sodas and other beverages.

It has been extensively documented that the prevalence of overweight and obesity in the United States has risen dramatically since the 1970s. This trend continues: in 1994 48 states had a prevalence of obesity in adults less than 18%, but only 13 years later no state could make this claim. Indeed by 2007, the prevalence of obesity in 45 states was greater than 22%(1). Even more concerning is the fact that obesity in American children and adolescents has also increased at an alarming rate. National surveys document that for children 6-11 years old, obesity prevalence increased from 6.5% to 17% between 1976 and 2006, while for those aged 12-19 years prevalence increased from 5.0% to 17.6%(2). New York State is no exception to these trends. According to the CDC in 1990 less than 10% of adult New Yorkers were obese; by 2007 the prevalence increased to between 25 and 29%(3). Considering the myriad health problems associated with obesity, such as type 2 diabetes and coronary heart disease, such trends bode ill for the future of public health and the health care system.

Although consumers are constantly bombarded by offers of magical quick fixes for excess weight -- from supplements to diets and exercise equipment -- experts agree that long-term changes in lifestyle are necessary to treat and prevent obesity and overweight(4). Obesity results from an imbalance between energy consumed in foods and energy burned by metabolic processes and activity. The opportunity for consumption of excess energy has increased over the last few decades as the requirements for activity in work and leisure have declined(5). Thus it is unlikely that altering the consumption of only one type of product will effectively address the obesity problem. Yet in the past few years we have seen regulatory efforts to alter the consumption of various products and ingredients such as certain fats and sugars--at least in part to decrease the obesity problem. The proposal to tax sugar-sweetened beverages is just the latest example of such an effort.

However, it is unlikely that altering the consumption of only one type of product will effectively address the obesity problem in New York. Unlike taxation of tobacco products, where high prices may discourage use or prevent experimentation by the young, people cannot just stop eating and drinking. While an increased price might decrease use of one beverage, there is no guarantee or
even likelihood that one of equal caloric value will not be substituted. Nor is there any guarantee that a more healthful lifestyle will be adopted.

The proposed tax supposedly targets "bad" beverages, which feeds into the misapprehension that foods can be easily categorized as "good," i.e. healthful, or "bad," unhealthful based on simplistic guidelines. In this case, the sugar content is deemed to be "bad." Does this mean we should also tax orange juice, which is also high in sugar and has a similar caloric content? Should we also tax foods such as avocados, high in fat and calories? Of course the orange juice and avocados also contribute other nutrients to the diet, but these are irrelevant to a discussion of obesity -- which reflects only caloric consumption and utilization.

Characterization of foods as "good" or "bad" can also mislead consumers in their efforts to attain or maintain a healthful body weight. When dietary fat was deemed generally unhealthful and a myriad of reduced fat or nonfat products were produced, many misperceived such foods as weight-loss products. While such foods can be helpful in a weight-loss plan, it is the number of calories that determine their utility -- not the grams of fat per se. Similarly, "fast food" has also been demonized as "bad," and a major cause of obesity, but again this is misleading. It is possible to eat only such foods for an extended period and lose, rather than gain weight(6).

Further, Governor Paterson has suggested that the revenue from such a tax will increase from $404 million in year one to $539 million in year two, but this contradicts the supposed purpose of decreasing consumption to prevent obesity(7). How can revenue increase if consumption declines? In short the proposed taxation of sugar-sweetened beverages is highly unlikely to foster a more healthful lifestyle, and may well serve only to confuse consumers about the real causes of obesity.

Thus, the American Council on Science and Health respectfully submits that the proposed taxation of sugar-sweetened beverages will be ineffective in addressing the obesity problem, and is unlikely to provide the expected revenue for New York State.

References:

Ruth Kava, Ph.D., R.D., is Director of Nutrition at the American Council on Science and Health (ACSH.org [8], HealthFactsAndFears.com [9]).

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