

November 30, 2012

Dear Representative/Senator:

The Center for Science in the Public Interest recognizes the enormous challenges facing Congress in finding budget cuts and new revenues to salvage this country's fiscal future. As the debate on the "fiscal cliff" continues, we urge that you consider a tax on sugary drinks and an increase in taxes on alcoholic beverages as revenue sources that would yield substantial new funds, improve the public's health, and help reduce health-care costs.

Taxing sugary beverages could raise as much as \$160 billion over ten years, a sizable contribution to deficit reduction. Levying this tax has also been suggested by the Bipartisan Policy Center's deficit reduction plan and noted as a revenue option in annual budget papers developed by the Congressional Budget Office.

Taxing sugary drinks is not a new idea. More than 30 states, including Arkansas, California, New York, and West Virginia, have imposed excise taxes or sales taxes on sugary drinks to generate revenue for health care or other purposes.

According to numerous surveys, a majority of Americans support taxes on unhealthy items, such as alcohol and sugary drinks, particularly when the revenue generated is tied to prevention or health-promotion programs.

Consumption of sugary drinks has been a major factor in the obesity epidemic. More than two-thirds of American adults are obese or overweight, a condition that often leads to hypertension, strokes, heart attacks, diabetes, cancer, arthritis, and other health and psychosocial problems. Because of rising obesity rates, children today may be the first generation in our nation's history to have a shorter life span than their parents. In addition, consumption of sugary beverages can cause tooth decay.

Americans spend about \$150 billion a year on medical expenditures related to obesity, of which half is paid for with Medicare and Medicaid dollars. While a wide variety of actions are needed to reverse the obesity epidemic, a federal levy on sugary drinks would deter some excessive consumption and allow the government to recoup at least a fraction of the public costs associated with the consumption of those beverages.

A tax of one cent per 12 ounces of sugar-sweetened beverage would raise about \$1.5 billion annually; a tax of one cent per ounce could generate about \$16 billion a year in federal revenues. Each additional penny tax per 12 ounces would reduce consumption by about one percent.

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Higher tax rates on alcoholic beverages (another CBO revenue option), which have been frozen for more than 20 years, are long overdue. Their value has been consistently eroded by inflation over the years, resulting in the loss of billions of dollars in revenue. Merely raising taxes for inflation since 1991 would yield some \$5 billion in new revenue per year; increasing the liquor tax by inflation since 1991 (when it was last increased) and equalizing tax rates per unit of alcohol in beer and wine at the liquor rate would net as much as \$14 billion per year, even allowing for reduced consumption. The reduced consumption would lead to substantial health and safety benefits and lower health-care costs. Many organizations support higher taxes on alcoholic beverages, including the American Public Health Association, American Medical Association, Mothers Against Drunk Driving, American Association of Retired Persons, Center on Budget and Policy Priorities, and United Methodist Church Board of Church and Society.

Taxes on tobacco have proven to be highly effective in raising revenues and reducing consumption and harm. The same would be true for a tax on sugary drinks and updated taxes on alcoholic beverages.

To avoid sending America's economy over the "fiscal cliff," we urge you to support a tax on sugary drinks and increases in the taxes on beer, wine, and distilled spirits. The realistic availability of well over \$200 billion over 10 years should not be overlooked, particularly when such revenue policy would boost both prosperity and health in this country. We would be happy to provide additional detailed information. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Michael F. Jacobson". The signature is written in a cursive, flowing style with a long horizontal flourish at the end.

Michael F. Jacobson, Ph.D.  
Executive Director