SUGAR-SWEETENED BEVERAGE EXCISE TAX IN THE CITY OF LOS ANGELES

This brief summarizes a CalFresh Healthy Living-CHOICES Project Learning Collaborative Partnership model of a $0.02-per-ounce volume excise tax on sugar-sweetened beverages (SSBs) in the City of Los Angeles. The SSB tax, which would be administered by the city, aims to reduce consumption of SSBs.

The Issue

There are marked differences in SSB consumption in Los Angeles by race, ethnicity, income, and geography.[1] These patterns likely reflect the impact of targeted advertising[2,3,4] and retail marketing of SSBs[5] and SSBs being more available, affordable, and appealing than water.[6,7]

In 2023, about one in three (32.7%) adults in the City of Los Angeles drank at least one SSB daily. In Los Angeles County, Black (39.6%) and Latinx (47.2%) adults have nearly double the rate of SSB consumption compared with White (21.1%) and Asian (23.3%) adults.[1] Similar patterns exist among children.[1]

Excess consumption of added sugars contributes to health issues such as excess weight gain, dental decay, and an increased risk of cardiovascular disease, hypertension, and type 2 diabetes.[8,9] Taxing SSBs has been shown to reduce purchases and improve health, particularly in groups with higher consumption rates, offering a way to mitigate these health impacts.[10]

About a Sugar-Sweetened Beverage Excise Tax

We modeled a citywide SSB excise tax of $0.02 per ounce for local bottlers, distributors and manufacturers, administered by the City of Los Angeles' Office of Finance. The tax would apply to all beverages with added caloric sweeteners, including powders and syrups, while beverages with fewer than 25 calories per eight ounces, milk products, 100% juice, and artificially-sweetened beverages would be exempt. We assumed the cost of the tax would be passed on to consumers. Implementation efforts include processing tax statements, conducting communication campaigns, and auditing, with efforts from industry and businesses to prepare statements for audits using private accountants.

Comparing Costs and Outcomes

CHOICES cost-effectiveness analysis compared the costs and outcomes over a 10-year time horizon (2025-2034) of implementing a $0.02-per-ounce volume excise tax on SSBs with the costs and outcomes associated with not implementing the excise tax.

A $0.02-per-ounce SSB excise tax in the City of Los Angeles would lead to health benefits and generate revenue, resulting in:



65
FEWER SSB SERVINGS
per person in the first year



283,000
FEWER DECAYED, MISSING, OR FILLED TEETH
over 10 years *(68,000 for children; 215,000 for adults)*



$524M
SAVINGS IN HEALTH CARE COSTS
over 10 years



$154M
IN PROJECTED REVENUE
in the first year (*$13.8M in policy implementation costs over 10 years)*

Conclusions and Implications

Turning Revenue into Real-World Change

$15 million is the annual cost to support a network of partners, including early childhood education organizations, school districts, Federally Qualified Health Centers, and community-based organizations that work to improve food and nutrition security.

An SSB tax in the city of Los Angeles could significantly improve the health and well-being of its residents and be cost saving. With a 10-year implementation cost of $13.8 million, $524 million in health care costs related to reductions in excess weight could be saved. This means that for every dollar invested in implementation, nearly $38 in health care costs would be saved. This has the potential to generate $154 million in projected revenue in the first year (likely range: $95.2 million - $178 million), which could be utilized to strengthen public health programs in chronic disease prevention and control and comes at a time when public health funding is under threat.

In addition to the immediate savings, this tax would be an investment in the future health of communities, reducing SSB consumption by an average of 65 SSBs per person in the first year. Black (103 fewer SSBs) and Latinx (77 fewer SSBs) communities would experience the largest decrease in consumption. The tax would prevent 283,000 decayed, missing, or filled teeth over 10 years. A projected 25,400 cases of obesity could be prevented by the end of 2034, and residents could experience tangible improvements in both quality of life and health outcomes.

An SSB tax could reduce SSB intake in communities that would benefit most, making it a win for public health and the City of Los Angeles. Given current reductions in federal funding, it is critical to seek diversified sources of support for public health infrastructure and chronic disease programs.

CalFresh Healthy Living | CDPH California Department of Public Health | CHOICES | County of Los Angeles Public Health

Citation

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