

**2c. How have you involved community members and stakeholders**

We held numerous meetings and focus groups with ethnic business owners, grassroots community organizations, and public health and education stakeholders. We also conducted a survey of the Seattle Youth Commission to gain feedback on how the tax may affect young people of color.

*Businesses:*

- Ethnic Business Coalition members
- Taylor Hoang, Pho Cyclo
- Tabitha Abad Smith, Fuji Sushi
- Jae An, Korean American Grocers
- Takanori Kurcachi, U:Don LLC
- Alia Abboud, Abbouds McDonalds; Seattle Labor Standards Advisory Commission
- Latino Chamber of Commerce
- Roz Edison, Marination Station

*Community-Based Advocacy Organizations:*

- Got Green – Violet Lavatai, Tammy Nguyen
- Community Alliance for Global Justice
- Sea Mar, Afsaneh Rahimian
- Gregory Davis, Rainier Beach Action Coalition
- FEEST – Lisa Chen
- Simone, Community Health Alliance
- Erin Okuno, Southeast Seattle Education Coalition

*Health and Education Experts and Organizations:*

- Save the Children Action Network
- American Heart Association
- Nurse-Family Partnership
- Washington Dental Association
- Shape WA
- Dr. Ben Danielson, Seattle Children’s Hospital
- Dr. Jim Krieger, UW Medical Center and Healthy Food America
- Greater Seattle Dietetic Association

**2d. What does data and your conversations with stakeholders tell you about existing racial inequities that influence people’s lives and should be taken into consideration?**

*Relevant Data Collected*

What is the ethnicity/socio-economic profile of heavy SSB drinkers?

Dr. Jim Krieger recently participated in an analysis of this issue and provided the City with a few statistics from their analysis:

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- Blacks and Mexican-Americans are more likely to consume heavy amounts of sugary drinks (i.e., at least 24 ounces per day) than Whites. In 2005-12, the rates of heavy consumption were 30.3% in Blacks, 29.3% in Mexican Americans, and 24.8% in Whites.
- Lower-income Americans are also more likely to be heavy consumers than high-income Americans (30.0% versus 20.5%).

According to Dr. Krieger, there is also evidence that communities of color drink higher amounts of specific types of sugary drinks. One study, for example, found that Black and Hispanic teens were more likely to drink sports drinks and energy drinks at least once per day compared to Whites, but they were not more likely to drink soda once per day.<sup>1</sup> The results in the research brief that Dr. Krieger participated in were similar; they found that Whites, Blacks, and Mexican-Americans consumed approximately the same amount of soda, but there were large racial differences in other types of sugary drinks, particularly fruit drinks.

In contrast to these trends for sugary drinks, Whites and high-income Americans are more likely to drink diet soda compared to communities of color and low-income Americans.<sup>2</sup>

In addition, communities of color appear to be specific targets for advertisements from manufacturers of sugary drinks, a study by the Rudd Center found that black children and teens saw at least twice as many ads for gum/mints, soda, and other sugary drinks compared with White children and teens. ([http://www.uconnruddcenter.org/files/Pdfs/272-7%20%20Rudd Targeted%20Marketing%20Report Release 081115%5B1%5D.pdf](http://www.uconnruddcenter.org/files/Pdfs/272-7%20%20Rudd%20Targeted%20Marketing%20Report%20Release%20081115%5B1%5D.pdf))

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### What data is there showing reduction of consumption due to SSB taxes?

- Mexico adopted a sugary drink tax in 2014. After the tax was implemented, purchases of taxed beverages decreased 5.5% in 2014<sup>3</sup> and 9.7% in 2015,<sup>4</sup> yielding an average reduction of 7.6% over the study period. Households at the lowest socioeconomic level had the largest decreases in purchases of taxed beverages in both years.<sup>4</sup>
- Berkeley, CA adopted a sugary drink tax in 2014. After the tax was implemented, consumption of sugary drinks fell by 21% among low-income residents.<sup>5</sup>

### References

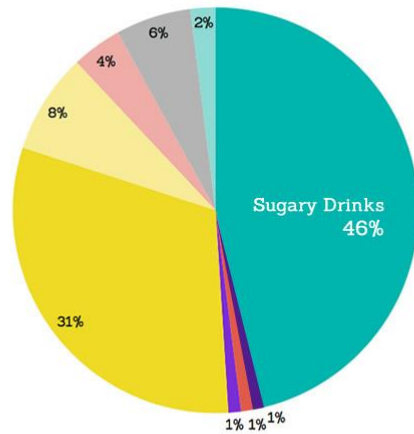
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# Attachment - Sweetened Beverage Tax Racial Equity Toolkit

## Why tax sugary drinks and not other products with sugar?

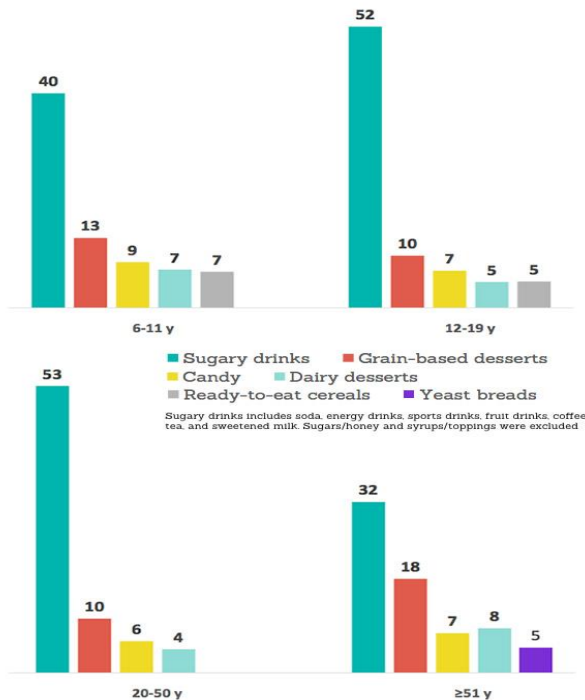
Sugary drinks are the leading source of excess calories, far outstripping individual categories of snacks and sweets. Taxing sugary drinks may be the single most effective way to reduce excess consumption of sugar.

**Sugary drinks are the key driver of our overconsumption of added sugars**



- Dairy
- Grains
- Fruits & Fruit Juice
- Mixed Dishes
- Alcoholic Beverages
- Snacks & Sweets
- Vegetables
- Condiments, Gravies, Spreads Salad Dressing

**Added sugars intake by source, as percentage of total added sugars, for foods and beverages contributing 4% or more of added sugars, by age NHANES 2003-2010**



Source: [http://www.healthyfoodamerica.org/sugartoolkit\\_overview](http://www.healthyfoodamerica.org/sugartoolkit_overview)

### *Summary of Conversations with Stakeholders*

One of the main concerns we heard from community was in regards to the lack of access to healthy foods, especially amongst those families who earn too much to qualify for food assistance programs but who do not make enough money to purchase healthy foods consistently.

- Grassroots organizations representing communities of color did not object to imposing the sweetened beverage tax, instead they wanted to ensure that as much of the money raised through the tax was reinvested in their communities and supporting organizations with deep ties to their communities.
- Small businesses expressed concern that in order to maintain their business that they will have to pass on the cost of the tax. However, they are also concerned that with the other recent regulatory costs added to their businesses, such as the minimum wage, that they will lose business overall due to their higher costs.

### **2e. What are the root causes of factors creating these racial inequities?**

- The regressive nature of the tax is compounded by the beverage industry spending disproportionate amounts of money in targeting communities of color to purchase products, resulting in higher consumption and contributing to worse health outcomes for these communities.
- Communities of color often live in food deserts with no easy access to healthy foods, and lower average incomes makes it more difficult for these communities to find and purchase healthy food.

### **3. How will the policy, initiative, program, or budget issue increase or decrease racial equity? What are potential unintended consequences? What benefits may result? Are the impacts aligned with your department's community outcomes that were defined in Step 1?**

#### Health impacts and potential increases in racial equity

The consumption of sugary drinks is linked to development of many serious chronic conditions, including type 2 diabetes, obesity, heart disease, hypertension, and dental disease. It has been shown that daily consumption of sugary drinks increases a child's chances of obesity by 55%.<sup>i</sup> Regular sugary drink consumption increases the risk of diabetes by 26%.<sup>ii</sup> Regular sugary drink consumption increases the risk of dying from cardiovascular disease by almost a third<sup>iii</sup>; risk of coronary heart disease by 17%<sup>iv</sup>, risk of heart attack by 19%<sup>v</sup>, and risk of high blood pressure by 12%.<sup>vi</sup> Further, adults who drink sugary drinks daily have a 30% increased risk of tooth decay<sup>vii</sup>, and infants aged 10-12 months who consume sugary drinks at least three times per week have 83% increased chances of dental cavities by age six.<sup>viii</sup>

These diseases disproportionately impact many communities of color. The prevalence of obesity is lowest among Asian adults (12%), followed by white (35%), Hispanic (43%), and black (48%) adults.<sup>ix</sup> More Hispanic children (46%) and black children (44%) have cavities in their baby teeth compared to white children (31%).<sup>x</sup> Black and Hispanic adults are twice as likely to have diabetes as white counterparts (21% versus 11%)<sup>xi</sup>, and black adults are more likely to have

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cardiovascular disease (46% of men and 48% of women) than whites (36% of men and 32% of women).<sup>xii</sup>

If a tax on sweetened beverages does in fact lower consumption in communities of color, it follows that metabolic diseases will likely decrease.

### Potential benefits

Data from other cities that have implemented a similar tax has shown a drop in sweetened beverage consumption. Berkeley, CA adopted a sugary beverage tax in 2014, and consumption of sugary drinks fell by 21% among low-income residents.<sup>xiii</sup> Mexico adopted a sugary drink tax in 2014. After the tax was implemented, purchases of taxed beverages decreased 5.5% in 2014<sup>xiv</sup> and 9.7% in 2015<sup>xv</sup>, yielding an average reduction of 7.6% over the study period. Households at the lower socioeconomic level had the largest decreases in purchases of taxed beverages in both years.<sup>3</sup>

### Potential decreases in racial equity and unintended consequences

Because it is likely that the sweetened beverage tax on distributors would be passed down to the consumer through higher prices, the tax is regressive in nature. Low-income people and people of color are more likely to drink sweetened beverages than white people, so are likely to spend more money on the tax. Small businesses, including restaurants and grocers, are also likely to experience disproportionate costs related to the tax, and are likely to pass this cost on to consumers. Small business owners have expressed concerns around the tipping point of price increases and at what point costs become too high to sell certain products. One year after the implementation of Berkeley's one-penny-per-ounce sweetened beverage tax, a study found that consumers' average grocery bills did not increase, and store revenue did not fall<sup>xvi</sup>. This could be attributed to consumers' shifting choices to untaxed beverages.

**4. How will you address the impacts (including unintended consequences) on racial equity? What strategies address immediate impacts? What strategies address root causes of inequity listed in Q.2? How will you partner with stakeholders or long-term positive change? If impacts are not aligned with desired community outcomes, how will you re-align your work?**

### Program strategies addressing inequities

- All revenue from this tax will be invested in low-income and communities of color, addressing the both the root causes of negative health outcomes. The three program areas identified are birth to 5, K-12 education and food access strategies. The programs being recommended for K-12 investments are focused on reducing disparate graduation rates between students of color and their white counterparts. Birth to 5 programmatic investments have been shown to be amongst the most impactful in ensuring life-long better health and education outcomes. In addition, increasing access to healthy foods will have similar long-term impacts on health and education success.
- Small grocers have expressed concerns about a loss of revenue due to the tax. As such, one of the funding allocations being considered, would be to increase availability of

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fresh foods in small and ethnic grocery stores to both address this concern and increase access to fresh foods for communities without nearby supermarkets.

### Policy strategies addressing inequities

- The original proposal has been amended to include artificial sweeteners to the list of taxed sweetened beverages and the overall tax lowered from 2 cents an ounce to 1.75 cents an ounce. This was done as a result of requests from community advocates and supported by polls that have shown that diet drinks are preferred by wealthier individuals. Also, by including drinks with artificial sweeteners and lowering the overall tax, the impact will be spread across a broader cross-section of Seattle residents and will have smaller impact on low-income communities as businesses will not have to raise prices to the same extent.
- Investments in Birth to 5 were nearly doubled and food access more than tripled from the original proposal as a result of the feedback received from community representatives.

### Partnership Strategies

- Each year the Levy Oversight Committee will allocate funds for 20% of the revenue reserved for one-time spending. This committee will include representatives from communities affected by the tax and public health officials.

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