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Title: Excise Tax on Sugar-Sweetened Beverages to Fund Nutrition and Obesity-Prevention Programs

Introduced by: Nithya Vijayakumar for the Medical Student Section

Original Author: Nithya Vijayakumar

Referred to: Reference Committee D

House Action: **SUBSTITUTE**

Whereas, it has been shown that taxing sweetened beverages and candy can decrease consumption and

Whereas, the addition of a sales tax and excise tax to sweetened beverages and candy can discourage the sale of sweetened beverages and candy and

Whereas, sugar-sweetened beverages (SSB) are defined as any beverage with added caloric sweeteners, including soda and certain fruit-flavored or sports drinks, and

Whereas, SSB consumption causes a rapid spike in blood glucose due to added sugars and high-fructose corn syrup, followed by high insulin response, which consequently decreases satiety, and

Whereas, drinking SSBs gives individuals a higher caloric intake from liquid calories, without the compensatory satiety that accompanies consumption of solid food, and

Whereas, this mechanism promotes both weight gain and risk for Type 2 Diabetes Mellitus (T2DM) in children and adults^{1,2}, and

Whereas, 34.9 percent of adults were overweight in Michigan in 2014, and 30.9 percent were obese. Amongst youth, 15.5 percent of Michigan high school students were overweight and 13.1 percent were obese in 2013. Children and youth who consumed more SSBs had higher body weight than those who drank less SSBs³, and

Whereas, a reduction in SSB consumption will reduce intake of excess sugars, reducing the prevalence of obesity and obesity-related diseases such as metabolic syndrome, coronary artery disease, T2DM, hypertension, and stroke⁴, and

Whereas, several US cities have or will soon implement excise taxes on SSBs, including Berkeley, CA, San Francisco, CA, Philadelphia, PA, Boulder, CO, and Cook County, IL^{5,6}. The country of France implemented an excise tax (11 euro-cent/1.5 liter) on SSB in 2012, and Mexico implemented a similar tax (1 peso/liter) on SSB in 2013^{5,6,7}, and

Whereas, a meta-analysis including several studies in the US, as well as in France and Brazil, found that an increase in price of SSBs was associated with decreased demand for SSBs and lower SSB consumption⁸. Following implementation of the excise tax (\$0.01/ounce) in Berkeley, CA, SSB consumption decreased by 21 percent and water consumption increased by 63 percent⁹. Those who changed beverage consumption due to the tax reported decreasing frequency and portion-size of SSB consumption⁹, and

55 Whereas, evidence suggests that a nationwide penny-per-ounce excise tax on SSBs would
56 reduce consumption by 15 percent among adults, thereby preventing 2.4 million diabetes person-
57 years, 95,000 coronary heart events, 26,000 premature deaths, and avoiding \$17 billion in medical
58 costs¹⁰, and

59 Whereas, existing American Medical Association (AMA) policy (150.975) supports educating
60 physicians and patients about the role of SSBs in obesity, and removing SSBs from the Supplemental
61 Nutrition Assistance Program (SNAP), and

62
63 Whereas, existing AMA policy (D-150.987) also promotes the consumption of nutritious
64 beverages as a healthy alternative to high-calorie, low-nutritional-content beverages (such as
65 carbonated sodas, fruit-flavored drinks) in schools; therefore be it

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67 RESOLVED: That MSMS seek and support legislation to institute an excise tax that would be
68 added at the wholesale or manufacturing level on sweetened beverages; and be it further

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70 RESOLVED: That MSMS seek and support legislation for the elimination of the sales tax
71 exemption for sweetened beverages and candy; and be it further

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73 RESOLVED: That MSMS advocate for the income generated from an excise tax on sweetened
74 beverages, if enacted, to be used to fund programs that encourage healthy nutrition and obesity
75 prevention, such as the Supplemental Nutrition Assistance Program.

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78 **WAYS AND MEANS COMMITTEE FISCAL NOTE: NONE**

¹ Malik VS, Pan A, Willett WC, Hu FB. Sugar-sweetened beverages and weight gain in children and adults: a systematic review and meta-analysis. *Am J Clin Nutr*. 2013;98(4):1084-1102. doi:10.3945/ajcn.113.058362.1.

² Malik VS, Hu FB. Sweeteners and risk of obesity and type 2 diabetes: The role of sugar-sweetened beverages. *Curr Diab Rep*. 2012;12(2):195-203. doi:10.1007/s11892-012-0259-6.

³ Michigan Department of Health and Human Services, Lifecourse Epidemiology and Genomics Division. Overweight and Obesity in Michigan : Surveillance Report. February 2016:19.

⁴ Hu FB. Resolved: There is sufficient scientific evidence that decreasing sugar-sweetened beverage consumption will reduce the prevalence of obesity and obesity-related diseases. *Obes Rev*. 2013;14(8):606-619. doi:10.1111/obr.12040.

⁵ Sanger-Katz M. Yes, Soda Taxes Seem to Cut Soda Drinking. *The New York Times*. <https://www.nytimes.com/2015/10/13/upshot/yes-soda-taxes-seem-to-cut-soda-drinking.html>. Published October 13, 2015.

⁶ O'Connor A, Sanger-Katz M. As Soda Taxes Gain Wider Acceptance, Your Bottle May Be Next. *The New York Times*. <https://www.nytimes.com/2016/11/26/well/eat/as-soda-taxes-gain-wider-acceptance-your-bottle-may-be-next.html>. Published November 26, 2016.

⁷ Berardi N, Sevestre P, Tepaut M, Vigneron A. The impact of a "soda tax" on prices . Evidence from French micro data. *Appl Econ*. 2013;48(41):106-112. doi:10.2139/ssrn.2192470.

⁸ Cabrera Escobar M a, Veerman JL, Tollman SM, Bertram MY, Hofman KJ, Escobar M a C. Evidence that a tax on sugar sweetened beverages reduces the obesity rate: a meta-analysis. *BMC Public Health*. 2013;13(1):1072. doi:10.1186/1471-2458-13-1072.

⁹ Falbe J, Thompson HR, Becker CM, Rojas N, McCulloch CE, Madsen KA. Impact of the Berkeley excise tax on sugar-sweetened beverage consumption. *Am J Public Health*. 2016;106(10):1865-1871. doi:10.2105/AJPH.2016.303362.

¹⁰ Wang YC, Coxson P, Shen YM, Goldman L, Bibbins-Domingo K. A penny-per-ounce tax on sugar-sweetened beverages would cut health and cost burdens of diabetes. *Health Aff*. 2012;31(1):199-207. doi:10.1377/hlthaff.2011.0410.