



E

Tax on Sugar-Sweetened Beverages

Shall the City collect a tax of 2 cents per ounce from the distributors of sugar-sweetened beverages to fund health, nutrition, physical education and active recreation programs?

YES  
NO  

Digest by the Ballot Simplification Committee

The Way It Is Now: The City does not impose a tax on the distribution of sugar-sweetened beverages. Consumption of sugar-sweetened beverages is linked to serious health problems.

The Proposal: Proposition E would place a tax of 2 cents per ounce on sugar-sweetened beverages to fund health, nutrition, physical education and active recreation programs.

A sugar-sweetened beverage is a beverage that contains added sugar and 25 or more calories per 12 ounces, including some soft drinks, sports drinks, iced tea, juice drinks and energy drinks. The tax would also apply to syrups and powders that can be made into sugar-sweetened beverages in a beverage-dispensing machine, such as fountain drinks.

The distributors of sugar-sweetened beverages in San Francisco would be responsible for paying the tax.

Some beverages would not be subject to the tax, even if they contain added sugar. These include:

- Diet sodas;
- Milk, soy milk, rice milk and almond milk;
- Beverages that contain only natural fruit and vegetable juice;
- Infant formula;
- Meal replacements, supplemental nutrition products and weight reduction beverages; and
- Syrups and powders sold for mixing by individuals to make sugar-sweetened beverages.

The San Francisco Unified School District, Department of Public Health, and Recreation and Park Department must use the proceeds of this tax to fund health, nutrition, physical education and active recreation programs. The funds must be used only for new or expanded programs. Up to 2 percent of the tax proceeds could be used to administer the funds.

A 15-member Healthy Nutrition and Physical Activity Access Fund Committee would advise the Mayor, the Board of Supervisors and City departments about how to spend the funds.

Because the proceeds from the tax are dedicated to specific purposes, approval of this measure requires two-thirds of the votes cast.

A “YES” Vote Means: If you vote “yes,” you want the City to collect a tax of 2 cents per ounce from the distributors of sugar-sweetened beverages to fund health, nutrition, physical education and active recreation programs.

A “NO” Vote Means: If you vote “no,” you do not want the City to collect this tax.

Controller’s Statement on “E”

City Controller Ben Rosenfield has issued the following statement on the fiscal impact of Proposition E:

Should the proposed ordinance be approved by the voters, in my opinion, it would have a significant impact on government costs and revenues.

The ordinance provides for a tax of two cents per fluid ounce on sugar-sweetened beverages sold in San Francisco, with the tax revenue dedicated to funding nutrition and health programs. Depending on consumer and market factors, the tax is estimated to generate between \$35 million and \$54 million annually.

Revenue collected through the tax would be dedicated to health purposes with 40% to the San Francisco Unified School District for student nutrition services, 25% to the Department of Public Health (DPH) and to the Public Utilities Commission for health programs and for public drinking water stations, 25% to the Recreation and Park Department for recreation programs and 10% to DPH for community grant programs in health-related areas. Up to two percent of revenue may be used for administration and evaluation by the Treasurer/Tax Collector and other City departments.

This measure requires 66⅔% affirmative votes to pass.

The above statement is an impartial analysis of this measure. Arguments for and against this measure immediately follow. The full text begins on page 186. Some of the words used in the ballot digest are explained starting on page 60.