

# public citizens for children + youth

**Testimony Presented by Donna Cooper  
To the Committee of the Whole - Philadelphia City Council  
Re: Universal PreK and Sugary Drink Tax  
May 18, 2016**

One year ago today, 80% of voters said “yes” to the ballot question on pre-K; the highest affirmative vote of any ballot measure in nine years with overwhelming results in every ward. More “yes” votes were cast for pre-k than for Mayoral candidates Williams, Abraham, Oliver, Diaz and Street.....combined!

Now the Mayor’s proposal to fund pre-k with a tax on sugary drinks is being met with resistance backed by the deep pockets of the soda industry.

You know this debate all too well. You went through it just two years ago, when you enacted tax on cigarettes to fund our schools.

You heard “big tobacco’s” fear mongering of citizens turning to crime to avoid the cigarette tax and their unfounded claims that the tax would lead to lost jobs and tax revenue.

You rejected those arguments and voted unanimously to impose the tax. It was a tough decision but the right, and progressive, one.

We now know that the dire predictions about the cigarette tax hike never happened. But it’s “de ja vu all over gain” from big-soda.

Research shows that when non-addictive products are taxed at high enough rates, and consumers have good substitutes, price sensitive, lower income shoppers purchase untaxed products.

In spite of what “big soda claims” research shows that limited income shoppers are wise purchasers. Meanwhile, middle and upper income shoppers show little change in their purchasing behavior in response to most taxes.

That means that at a sufficiently high rate a soda tax will more heavily paid by middle and upper income consumers.



The lower the tax rate is, the less effect it will have on purchases made by consumers. As a result a low soda tax rate will be paid equally by low, moderate and upper income consumers, making the tax regressive. It's common sense.

Mexico maybe far away, but research shows that consumer behaviors do not really vary much across counties. After it imposed a 10% sugary drink tax, lower income consumers shifted their purchasing to non-sugary drinks at three times the rate of middle and upper income consumers. Simply put the wealthiest consumers are paying the tax while the poorest consumers are avoiding it by changing what they buy.

In spite of the fact that Pennsylvania has one of the nation's most regressive tax structures, research makes a convincing case that enacting a 3 cent an ounce soda tax may turn out to be one of the most progressive taxes we will ever have in this state.

This Council should support the tax as proposed by the Mayor...a tax that will largely be paid by the consumers who can afford it .... a tax that will improve the lives of the lowest income children by rebuilding recreation centers, parks and libraries and will go a long way to closing the achievement gap for poor children and children of color by dramatically expanding access to high quality pre-k. I ask you....what could be more progressive than that?