

Sweetened Beverage Tax Community Advisory Board

<https://www.seattle.gov/environment/food/sbtboard>

December 19, 2017

Mayor Jenny A. Durkan
600 Fourth Ave
7th Floor
Seattle, WA 98104

RE: Sweetened Beverage Tax Communications

Dear Mayor Durkan,

The Sweetened Beverage Tax (SBT) Community Advisory Board (CAB) is writing to call your attention to the need for better communication from the City to the public and stakeholders about the new beverage tax, which goes into effect on January 1, 2018.

The CAB recognizes the effort that the Finance & Administrative Services Department has put into developing information and materials for distributors—including a basic webpage, FAQs, email hotline, tax rules, and tax-related forms. **However, there has been very little retailer and public education about the beverage tax.** We believe the City's tax implementation efforts would be significantly more effective if its communication strategy addressed the many and varied audiences impacted by the tax.

This is an urgent situation for a number of reasons. First, the beverage tax goes into effect in less than two weeks, but we have come to understand from key informant interviews and focus groups conducted by Public Health – Seattle & King County (PHSKC) as part of the SBT tax evaluation that retailers and restaurants are confused and want more information from the City about the beverage tax.

Second, the beverage industry has recently launched an effort to foster discontent with the tax (see appendices). In other cities, such opposition has gained traction by exploiting or amplifying any confusion, misinformation, or disinformation about the tax. Other cities have mitigated the beverage industry's influence by providing clear, unbiased information to clarify and educate consumers, distributors and retailers.

Finally, it is crucial that the City provide clear information to the public about the important programs that will be supported with the SBT revenue. Just as the City released public-facing fact sheets when the SBT was first proposed, it needs to provide clear information now that the SBT is actually here. Support for sugar-sweetened beverage taxes is significantly strengthened when the public learns that the revenue will be dedicated to programs that promote health and expand access to early learning and education. SBTs are then seen as progressive public policy.

Given the urgency and apparent need for the City to provide clear, unbiased, and consumer-facing information about the tax, we would like to take this opportunity to offer several approaches and recommendations based on our scan of how other cities have addressed communications and successfully implemented sugar-sweetened beverage taxes.

Specifically, we recommend the following:

- A. Develop a user-friendly website with simple, clear and straightforward information tailored to distributors, retailers (including restaurants), and the public.

For distributors, the information, rules and FAQs should be easy to find and written in a way that makes tax implementation easy to understand and execute. All forms (online completion or downloadable) needed for submission of taxes should be available.

For retailers and restaurants—although not subject to the tax—the information should address implications of the tax and what they must do to comply, as well as specific questions being raised by these businesses due to the pass-through effects of an excise tax. It should provide them with information about the tax in general so they can respond to customer questions and concerns. It should provide access to downloadable fact sheets, flyers, danglers, and posters (see recommendation B, below) that can be shared with customers. FAQs should address common questions and concerns, including those raised by industry (see appendix 1, below).

For the public and consumers, the information should provide general information about the tax (e.g. rate, covered products, who is taxed, etc.), how the tax revenue will be used, and explain the rationale for the tax (e.g. to advance equity in health and educational outcomes). FAQs should address common questions and concerns, including those raised by industry (see appendix 1, below).

The website should include the tax ordinance, information about the Community Advisory Board (and link to current CAB web page), and contact information (phone and email) for asking questions.

Webpages should be translated into appropriate languages.

- B. The City should:
Look at the websites of Boulder, Philadelphia, and San Francisco for examples and best practices:

<https://bouldercolorado.gov/tax-license/finance-sugar-sweetened-beverage-tax>

<http://www.phillybevtax.com/>

<http://www.phillybevtax.com/Content/Documents/Philly-Bev-Tax-Dealer-Toolkit.pdf>

(excellent information for retailers)

<http://sftreasurer.org/sugary-drinks-tax-frequently-asked-questions-faq>

Develop materials (posters, flyers, danglers, decals, etc. See Philadelphia materials for examples) that retailers can use in stores or at the point-of-sale to share information with customers about the SBT. The materials should explain the tax and where the revenue will go. Materials should be available for download on the website. City of Boulder has a good example of a simple yet informative poster (https://www-static.bouldercolorado.gov/docs/Boulder_Bev_Tax-1-201706231747.pdf?_ga=2.141559856.348817675.1513275321-1872460836.1512689215)

- C. Hire a public relations firm to do quick public education about the SBT via social media, earned media, and other channels available to the City.

The SBT has the potential to make a positive impact on the health of Seattle residents, both by curbing consumption of unhealthy beverages and by investing in healthy food access, early learning, and educational programs that benefit Seattle's populations who experience the greatest education and health inequities. We appreciate the City's commitment to this important policy and look forward to working with you on its successful implementation.

Finally, the CAB respectfully requests a response to this letter and a briefing on the City's tax communication strategy at our next CAB meeting on **January 4, 2018**.

Sincerely,

Ahmed Ali
Christina Wong
Jessica Jones-Smith
Jessica Marcinkevage
Jim Krieger
Laura Flores Cantrell
Leika Suzumura
Lisa Chen
Mackenzie Chase
Yolanda Matthews

cc: Councilmember Harrell, Councilmember Bagshaw, Councilmember González, Councilmember Herbold, Councilmember Johnson, Councilmember Juárez, Councilmember Mosqueda, Councilmember O'Brien, Councilmember Sawant, Stephanie Formas, Fred Podesta, Ben Noble, Patty Hayes, Jessica Finn Coven

Bridget Igoe, Sweetened Beverage Tax Community Advisory Board Coordinator
City of Seattle, Office of Sustainability & Environment
Tel: 206-256-5334 | bridget.igoe@seattle.gov

Appendix 1: Industry press release



Beverage Tax to Hit Seattle Citizens in New Year

Education Campaign To Raise Awareness of Impending Tax Kicks off in Seattle

Seattle, December 7, 2017 – A public education campaign kicked off today alerting Seattle residents and those who work in and visit the Emerald City that the price of beverages will increase significantly beginning New Year’s Day.

The price increase is the result of a Seattle City measure, originally proposed in February by then Mayor Ed Murray and approved by the Seattle City Council on June 6, 2017, that imposes a tax of 1.75 cents per ounce on a wide variety of popular beverages including soda, sports drinks, energy drinks, juice boxes and more. Prices on many products will rise 50% or more. Some beverage products will more than double in price, making the final cost more tax than beverage.

The campaign was launched by Keep Seattle Livable for All, a coalition of neighborhood and community businesses and concerned citizens. The coalition is working with local Seattle businesses to raise awareness through educational materials in stores throughout the city highlighting the significant spike in prices coming in 2018.

“Starting on New Year’s Day, Seattle residents will see a big increase in the cost of a wide range of beverages they buy,” said John Engber, Director of the Retail Industry Coalition of Seattle. “The City applies this new tax to many beverages that people view as healthy options, including juices. I’m glad that this campaign will alert Seattle residents and neighborhood business owners about this new tax.”

The campaign warns consumers of “Higher Taxes Ahead” on their beverages that will “make the price of everyday beverages skyrocket January 1st.” These impending price increases include:

- ☒ One gallon of sweetened tea increases \$2.24
- 12 pack of 12 ounce soft drinks increases \$2.52
- Six pack of soft drinks (20 oz. bottles) increases \$2.10

Under the tax, nearly every beverage in stores would see a sharp spike in costs, with potentially more than a thousand beverages affected.

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“The sweetened beverage tax will come as a shock to our customers and we plan to actively participate in this effort to prepare Seattle residents for the impact of this onerous tax,” said Daniel Kim of the

Korean Grocers Association. “In addition to hitting consumers hard, I fear the tax will also hurt Seattle small businesses who are living on the margins and may lose sales and customers.”

Similar tax measures have shown to be unpopular in other cities and the cause of great economic harm to working-class families, local businesses and employees.

- ❑ In October in Cook County, Ill., the county government voted to repeal a beverage tax in effect for less than three months based on overwhelming consumer backlash and complaints from local businesses.
- ❑ The city council in St. Helens, Ore., recently rejected a beverage tax proposal in a 5-0 vote. In Philadelphia, a beverage tax has caused layoffs, reductions in employee hours, and sales decreases by as much as 50% for store and restaurant owners.
- ❑ In both Philadelphia and Berkeley, sales increased in neighboring cities and towns that do not have a beverage tax as consumers fled for lower prices.
- ❑ In Santa Fe, voters overwhelmingly rejected a similar tax in May.

These reactions point to a clear trend across the country of buyers’ remorse in cities and counties that have considered and/or are imposing a tax, particularly where elected officials bypassed a public vote to pass the tax.

“Seattle residents need to understand the impact this tax will have on wages and jobs,” said Peter Lamb, Teamsters Local 174. “This tax threatens to hurt Seattle businesses and put hardworking middle-class

Americans out of a job. We need more family wage jobs in this city. Not less.”

Come the new year, neighborhood business owners and residents who object to this unfair and harmful tax will take part in activities throughout our community to show Seattle the negative effects the tax is causing people who can least afford it.

About Keep Seattle Livable for All

Keep Seattle Livable for All is a coalition of more than 200 concerned citizens, local businesses and community organizations actively opposing new taxes on everyday items like juice drinks, sodas, teas, sports drinks and ready-to-drink coffee beverages. We’re taking a stand because Seattle citizens can’t afford to pay even more at grocery stores, convenience stores and restaurants. For more information, visit www.keepseattlelivableforall.com.

For more information, or to speak to coalition members quoted in this release, please contact: Jim Desler at (425) 443-0458.

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Appendix 2: industry flyer at convenience store (12.12.17)

