

CAPITOL FACTS & FIGURES

● ● ● HEALTH

Soda Taxes

While only 14 states levy a sales tax on food for home consumption, 39 states and Washington, D.C., impose a sales tax on at least some soda purchases. In some of these states, the tax is simply part of the sales tax that applies to food; in others, it is a separate or higher tax.

- Twenty-one states impose a higher tax on soda purchased at grocery stores than on other food purchases.
- Eight states impose a higher sales tax on soda sold in vending machines than on soda sold in stores.
- Three states—Washington, Arkansas and West Virginia—impose an excise tax on soft drinks at the wholesale level. In these states, the tax is embedded in the purchase price consumers pay rather than added at the checkout counter.

Even though a nationwide tax on sugary soft drinks was dropped from the federal agenda earlier this year, the interest in taxing soda on a state level has rebounded in recent months as a method to reduce obesity, even though studies have failed to show that drinking fewer sugary drinks leads to widespread weight loss.^{1,2}

- Washington enacted [Senate Bill 6143](#), which imposes an excise tax on soft drinks of 2 cents per 12 ounces.
- Colorado passed [House Bill 1191](#) that removes existing tax exemptions and extends a 2.9 percent sales tax to soda.
- A soda tax in Illinois went into effect Sept. 1, 2009, increasing the tax from 1 percent to 6.25 percent.
- Lawmakers in California, New York and Rhode Island are also considering separate taxes on drinks, similar to the legislation that passed in Washington. California [Senate Bill 1210](#) would levy an excise tax of a penny per teaspoon of sugar in soda and other sweetened beverages. New York Gov. David Paterson has proposed a penny per ounce tax on non-diet drinks. Rhode Island [House Bill 7368](#) would require consumers to pay a 5 cent tax on small soft drinks and 10 cents on soft drinks larger than 20 ounces.
- A similar tax in Kansas failed to pass. [Senate Bill 567](#) would have applied a penny tax for every teaspoon of sugar in sweetened beverages that would increase the cost of a 12-ounce can of soda by 10 cents.



- Massachusetts Gov. Deval Patrick has proposed eliminating the sales tax exemption on candy and sweetened beverages, including sodas.
- Several cities, including Anchorage, Alaska, Philadelphia, Pittsburgh and Washington, D.C., have proposed and failed to pass soda taxes.

Although taxes on soda are often promoted as efforts to fight obesity, in most states revenues from soda taxes go into the general treasury. In a few states, however, some or all of the revenues are earmarked for special purposes.

- West Virginia uses its soda tax revenues to support its medical, dental and nursing schools.
- Tennessee uses a portion of its soda tax revenues to help clean up highways.
- Arkansas, which has had a soda tax since 1992, earmarks all the revenue from the tax—totalling more than \$46 million in 2009—to the state's Medicaid program.
- Proceeds from California [Senate Bill 1210](#) would be used for programs to fight childhood obesity.

REFERENCES

- ¹Schroeder, et al., "Determining the Impact of Food Price and Income Changes on Body Weight." *Journal of Health Economics* 2008 27: 45-68.
- ²Sturm, et al. "Soda, Taxes, Soft Drink Consumption and Children's Body Mass Index," *Health Affairs*, 2010.



Wanda Fowler, Senior Policy Analyst
wfowler@csg.org

State Soda Taxes, 2010

	Soft Drinks			
State	Food Tax Rate	Sales Tax Rate	Vending Machine Tax Rate	Additional Excise Tax
Alabama	4%	4%		
Alaska	0%	0%		
Arizona	0%	0%		
Arkansas	2%	2%		2 cents per 12 ounces
California	0%	6.25%		
Colorado	0%	2.9%		
Connecticut	0%	6%		
Delaware	0%	0%		
District of Columbia	0%	0%	5.75%	
Florida	0%	6%		
Georgia	0%	0%	4%	
Hawaii	4%	4%		
Idaho	6%	6%		
Illinois (2009)	1%	6.25%		
Indiana	0%	7%		
Iowa	0%	6%		
Kansas	5.3%	5.3%		
Kentucky	0%	6%		
Louisiana	0%	0%		
Maine	0%	5%		
Maryland	0%	6%		
Massachusetts	0%	0%		
Michigan	0%	0%		
Minnesota	0%	6.5%		
Mississippi	7%	7%	8%	
Missouri	1.23%	1.23%		
Montana	0%	0%		
Nebraska	0%	0%	5.5%	
Nevada	0%	0%		
New Hampshire	0%	0%		
New Jersey	0%	7%		
New Mexico	0%	0%	5%	
New York	0%	4%		
North Carolina	0%	4.5%		
North Dakota	0%	5%		
Ohio	0%	5.5%		
Oklahoma	4.5%	4.5%		
Oregon	0%	0%		
Pennsylvania	0%	6%		
Rhode Island	0%	7%		
South Carolina	0%	0%	6%	
South Dakota	4%	4%		
Tennessee	5.5%	5.5%		
Texas	0%	6.25%		
Utah	1.75%	1.75%		
Vermont	0%	0%		
Virginia	1.5%	1.5%	2.5%	
Washington	0%	2%		2 cents per 12 ounces
West Virginia	3%	3%		1 cent per half-liter
Wisconsin	0%	5%		
Wyoming	0%	0%	4%	