CENTER FOR Science IN THE Public Interest
Your Food and Health Watchdog

Sweetened Beverage Tax FAQs

WHAT IS A SWEETENED BEVERAGE EXCISE TAX?

A sweetened beverage excise tax is an additional cost charged to distributors of beverages with added sweeteners (caloric or non-caloric) by a local, state, or federal government. As a public health strategy, the primary goal of sweetened beverage taxes is reducing the consumption of sweetened beverages to ultimately improve health. A secondary goal is generating revenue for community health initiatives. Revenue generation at the state level is of particular importance at this time based on federal policies which are increasing states' share of the administrative costs for safety net programs, such as SNAP.[i]

WHY AN EXCISE TAX AND NOT A SALES TAX?

An excise tax is imposed on the beverage distributor. This is preferable to a sales tax for two reasons:

1. An excise tax is a more visible tax. While large food and beverage companies could pay the tax themselves, they usually choose not to. Distributors then pass some or all the cost on to consumers and the higher visible shelf prices of taxed products reduce consumer purchases, unlike sales tax which is added at checkout after consumers have made purchasing decisions.
2. An excise tax is also easier to implement for local or state governments as there are almost always fewer distributors than there are retailers in any given area.

WHY ARE SWEETENED BEVERAGE TAXES PREFERABLE OVER SUGAR-SWEETENED BEVERAGE TAXES?

Extending the tax to non-calorically sweetened beverages (e.g., diet sodas) will further encourage consumption of healthier alternatives, such as water, unsweetened tea or coffee, and low-fat milk.[iii] Certain non-caloric sweeteners are unsafe,[iv] with the widely used sweetener, aspartame, most notably having been classified as "possibly carcinogenic to humans" by the International Agency for Research on Cancer, an arm of the World Health Organization.[v] Others have mixed or limited evidence of safety[vi] and are not recommended for consumption by children.[vii,viii,ix] Furthermore, non-calorically sweetened beverages are more popular among higher income consumers, spreading the tax burden across a larger swath of the population.[x,xi,xii]

HOW CAN EQUITY CONSIDERATIONS INFORM THE DESIGN OF SWEETENED BEVERAGE TAXES?

Key considerations in supporting sweetened beverage tax campaigns with an equity frame are:[xiii]

1. The communities who may be most impacted by a sweetened beverage tax should primarily drive tax design and campaigns – this includes deciding whether to pursue a tax, designing legislation, use of revenue, and campaign strategy.
2. Revenues generated from the tax should be specifically earmarked to address social and economic determinants of health or community needs through a dedicated fund and overseen by a community advisory board.
3. Where possible, revenue should address the underlying barriers or conditions that may contribute to high consumption rates of sweetened beverages, such as a lack of access to safe drinking water.

WHERE HAVE SWEETENED BEVERAGE TAXES BEEN ENACTED?

Taxes on sweetened beverages have been passed in over seventy countries and territories.[xiv] In the United States, taxes on sweetened beverages or sugar-sweetened beverages have been passed in: the Navajo Nation, Berkeley, Philadelphia, Boulder, San Francisco, Oakland, Albany (CA), Seattle, and Santa Cruz. Cook County, Illinois also passed a sweetened beverage tax, but this tax was repealed.[xv,xvi,xvii]

WHAT OUTCOMES HAVE BEEN DOCUMENTED IN U.S. LOCALITIES WHERE SWEETENED BEVERAGE TAXES ARE IN PLACE?

We have seen significant public health impacts from sweetened beverage taxes and sugar sweetened beverage taxes already enacted in the U.S. Sugary drinks are the leading source of added sugars in the American diet and contribute significantly to obesity, type 2 diabetes, heart disease, and tooth decay.[xviii] A policy brief from the University of Pennsylvania summarizing the evidence on sweetened beverage taxes found that sweetened beverage taxes are associated with:

- Reduced sugary drink purchases
- Reduced sugar intake
- Improvements in weight status across all age groups
- Improved oral health
- Improved pregnancy and birth outcomes
- Reduced hospitalizations for childhood asthma[xix]

Sweetened beverage taxes are also an effective revenue generating mechanism. In Philadelphia, the tax resulted in a reduction of sugary drink sales by 38%[xx] while generating nearly $74 million annually which was used to fund pre-K education and improve public spaces.[xxi]

Due to current federal cuts and policies impacting state budgets, state governments may consider cutting key public programs. Sweetened beverage tax revenue could be earmarked to fund community nutrition and health initiatives identified through robust community input.

Revenues from sweetened and sugar-sweetened beverage taxes currently implemented in the U.S. go toward:

- Local wellness programming such as farming, traditional food demonstrations, exercise equipment, walking trails, and community cleanup (Navajo Nation)[xxii]
- Community health and nutrition efforts including school gardens (Berkeley, CA)
- Rebuilding of parks and libraries, as well as pre-K (Philadelphia, PA)
- Health promotion, general wellness programs, and chronic disease prevention (Boulder, CO)
- City's General Fund (San Francisco, Oakland, and Albany, CA)
- Public health, nutrition education, food security, and healthy affordable food access; evidence-based programs that address disparities, administration of the tax and Advisory Board, and program evaluation (Seattle, WA)[xxiii]

Potential ideas for sweetened beverage tax revenue use include potable water infrastructure, expanding free school meals to all students, and funding states' cost-share portion of SNAP.

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[iv] Center for Science in the Public Interest. *Low-Calorie Sweeteners*. https://www.cspi.org/chemical-cuisine/low-calorie-sweeteners. Accessed November 7, 2025.

[v] World Health Organization International Agency for Research on Cancer. *Aspartame, methyleugenol, and isoeugenol: IARC Monographs on the Identification of Carcinogenic Hazards to Humans Volume 134*. 2024. https://publications.iarc.who.int/627. Accessed November 13, 2025.

[vi] Center for Science in the Public Interest, 2025.

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[viii] Lott M, et al. *Healthy Beverage Consumption in Early Childhood: Recommendations from Key National Health and Nutrition Organizations*. Healthy Eating Research. 2019. https://healthyeatingresearch.org/wp-content/uploads/2019/09/HER-HealthyBeverage-Consensus-Statement.pdf . Accessed November 13, 2025.

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[xii] Hunt KJ, et al. Daily Eating Frequency in US Adults: Associations with Low-Calorie Sweeteners, Body Mass Index, and Nutrient Intake (NHANES 2007-2016). *Nutrients*. 2020 Aug 24;12(9):2566.

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[xv] Center for Science in the Public Interest. *Comparing Local Soda Taxes in U.S.* 2018. https://www.cspi.org/resource/comparing-local-soda-taxes-us. Accessed November 19, 2025.

[xvi] Santa Cruz, CA., Resolution No. NS-30,360 (2024), https://votescount.santacruzcountyca.gov/Portals/16/nov24/Measure%20Z%20Resolution.pdf.

[xvii] Navajo Nation, The Healthy Diné Nation Act of 2014 (2014), https://tax.navajo-nsn.gov/Navajo%20Taxes/CN-54-14_JunkFoodTax.pdf.

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[xxiii] Center for Science in the Public Interest, 2018.