

# SUGAR-SWEETENED BEVERAGE EXCISE TAX IN THE CITY OF SAN JOSÉ

This brief summarizes a CalFresh Healthy Living-CHOICES Project Learning Collaborative Partnership model, a cost-effectiveness analysis examining a sugar-sweetened beverage (SSB) excise tax in the City of San José. The model assessed the health impact and cost-effectiveness of a \$0.02 per ounce excise tax in the City of San José.

## The Issue

The County of Santa Clara Public Health Department prioritizes reducing rates of diet-related chronic diseases. SSBs are the leading source of added sugar in the American diet.<sup>1</sup> High intake of SSBs is linked to chronic diseases like obesity, diabetes, and heart disease.<sup>2</sup> If trends continue, more than half of today's children will have obesity in adulthood.<sup>3</sup> The US spends over \$170 billion annually on obesity-related health care costs.<sup>4</sup>

Beverage companies focus on advertising in neighborhoods with low income, using culturally tailored messages and prominent placement.<sup>5</sup> In Santa Clara County, SSB intake remains high: about one in three youth report drinking at least one SSB per day, and one in 10 report two or more.<sup>6</sup> Excise taxes on SSBs (SSB taxes) reduce purchases and intake and yield health benefits.<sup>7</sup> Several U.S. cities have adopted them; for example, Berkeley's \$0.01/oz SSB tax was associated with a 21% drop in sugary-drink intake within one year in neighborhoods with low income.<sup>8</sup>

## About the Sugar-Sweetened Beverage Tax

To evaluate the cost-effectiveness of an SSB excise tax in the City of San José, the county's largest jurisdiction, we modeled a hypothetical \$0.02 per ounce tax on local bottlers, distributors, and manufacturers of SSBs, excluding 100% juice, milk products, and artificially sweetened beverages. The model assumes the tax on beverages with added caloric sweeteners is fully passed onto consumers, resulting in decreased SSB intake. Implementation activities include: 1) system upgrades, 2) staffing for tax implementation, 3) staffing for a community advisory board to advise on tax revenue reinvestment, and 4) industry staff effort to prepare audit statements.

## Comparing Costs and Outcomes

CHOICES cost-effectiveness analysis compared the costs and outcomes over a 10-year time horizon (2025-2034) of implementing an SSB tax with the costs and outcomes associated with not implementing one.

**Implementing an SSB tax is an investment that could support good nutrition and reduce health care costs in San José:**



**\$79.5M**  
**IN HEALTH CARE COSTS AVOIDED**  
over 10 years



**51,300**  
**FEWER DECAYED, MISSING, OR FILLED TEETH**  
over 10 years



**4,400**  
**CASES OF OBESITY PREVENTED**  
in 2034



**47**  
**FEWER SSBs CONSUMED**  
per person in the first year

## Conclusions and Implications

A \$0.02 per-ounce tax on SSBs in the City of San José could reach 1,020,000 people ages two years and older and prevent 4,400 cases of obesity in 2034 alone, including one in five among children. This would avert 100 deaths related to excess weight and save \$79.5 million in health care costs over 10 years. Beyond financial benefits, this tax is projected to improve health for all population groups. Hispanic/Latino and African/American Ancestry residents would see nearly twice the obesity prevention benefits from an SSB tax compared to White populations, with the strongest benefits for children.

In addition to promoting healthy weight, an SSB tax may also benefit the City of San José in other ways. **The tax is projected to generate \$27.6 million in revenue in the first year of implementation which can be reinvested into the community and further improve the health and well-being of San José residents.** Other jurisdictions that have implemented SSB taxes have used the revenue to expand pre-K education, fund school nutrition programs, public health initiatives, invest in parks, and more.<sup>9</sup>

The model projects that an SSB tax may act as a strong preventive strategy to promote healthy weight for all residents of the City of San José. The model projects that an SSB tax would be cost-effective and promote fairness in health for all San José residents.



### Citation

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