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CONTACT: John Kartch
jkartch@atr.org

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Pres. Obama: “Let Them Eat Cake. Wait, Make that Rice Crackers. And Take Away the Soda, Too.”

*Tax threat for sugar-sweetened beverages flying under the radar,
but not out of the question*

WASHINGTON, D.C. – As public attention is focused on the tax increases in the Baucus healthcare overhaul bill, the threat a tax increase on sugar sweetened beverages got a new lease on life with a recent interview President Obama gave in Men’s Health. In the interview, Obama said that a tax on sugared beverages, often referred to as a “soda tax,” although such a tax could also include fruit juices or flavored milk drinks was “an idea that we should be exploring.” A tax on sugar-sweetened drinks had previously been included in a set of policy options to fund a health care reform overhaul put forth by Sen. Max Baucus (D-MT), but did not make it into the House or Senate bill.

The President’s statement, which runs counter to his promise not to raise taxes on any family making less than \$250,000 a year, may have encouraged some Members of Congress who see it fit to use the tax code as a tool for social engineering and are desperately looking for funding sources to pay for their plans for a government takeover of the health care system, to pursue this idea in the coming weeks.

Here are a few good reasons why a tax on these beverages is a bad idea:

- Against the president’s promise not to raise taxes on them, this regressive tax would disproportionately hit lower- and middle income taxpayers.
- Even if you accepted the premise that obesity is a *public* health issue and not a *personal* health issue, the tax code is not the place to address this issue. The tax code should not be used as a consumer control device.
- The “[tax bite](#)” the government already takes out of a can of pop is 37.6 percent or \$.28 for a 75 cent can.
- The economic damage this tax increase would bring with it should not be forgotten, especially as our economy continues to shed job. The beverage industry and other affected industries employ hundreds of thousands of workers, and jobs would most certainly be at risk.
- Excise taxes aimed at reducing consumption of a product of often turn into "placeholders" for future tax increases. While on the one hand trying to discourage certain behaviors through these tax increases, government would find itself in the contradictory position of at the same time relying on the continuance of such behaviors as a revenue source for the programs funded.

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact John Kartch at (202) 785-0266 or by email at jkartch@atr.org.

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