Higher Retail Prices on Sugar-Sweetened Beverages 3 Months After Implementation of an Excise Tax in Berkeley, California

Sugar-sweetened beverages are consistently and increasingly being linked to poorer health outcomes including higher risks of obesity, diabetes and heart diseases. Reducing the consumption of sugar-sweetened beverages is therefore essential to prevent the growth of the obesity epidemic and rise of non-communicable diseases. In the United States, sugar-sweetened beverages represent the largest source of added sugar in the diet. To respond to that, on November 4, 2014, the city of Berkeley, California passed a 1-cent-per-ounce specific excise tax on the distribution of sugar-sweetened beverages. The objective of this paper is to assess the short-term ability to increase retail prices as a result of the first US sugar-sweetened beverage excise tax.

The prices of beverages in Berkeley were then compared against beverage price in two other neighbouring cities. Approximately three months after the implementation of the excise tax, research showed that the tax was passed through to higher sugar-sweetened beverages retail prices, with a pass-through highest for sodas. While on one hand this is of major public health importance, it also provides evidence regarding the health impact of revenues generated from excise taxes, which holds “great promise as a means to sustainably fund public health programmes.”