

# ASSEMBLYMEMBER ADRIN NAZARIAN

## 46<sup>TH</sup> ASSEMBLY DISTRICT

### AB 1163: Restores Local Control to Tax Sugary Drinks

#### **BILL SUMMARY:**

This bill would repeal the current law that preempts local governments from imposing future taxes on sugary drinks until 2030. AB 1163 would restore the right of cities and counties, and their voters, to impose future taxes on sugary drinks should they desire to. This revenue source, wholly available as a local, voter option, could help local governments with COVID-19 related budget shortfalls and support lowering rates of certain chronic diseases, including diabetes and heart disease.

#### **BACKGROUND:**

Local governments are significant cornerstones in both the U.S. and state economies. However, unlike the federal government, local governments must balance their operating budgets and they can't borrow to finance large deficits. Unlike most economic downturns, COVID-19 has significantly and severely reduced local revenues. In addition to the large fiscal impact of the epidemic, the health impact has been great and disproportionately affects Black and Brown Californians. Moreover, it is projected that state and local government revenues have declined \$155 billion in 2020, \$167 billion in 2021, and \$145 billion in 2022.

Furthermore, there is direct correlation between diabetes rates and sugary drink consumption. For people who already have diabetes, soda can reduce their ability to control blood glucose. According to a study published in 2010, the risk of developing diabetes is 26 percent higher for

people who consume one or more sugary drinks every day. For those with prediabetes, sugar-sweetened beverages contribute to the progression of insulin resistance and the development of full diabetes. This is particularly troublesome for our vulnerable populations<sup>1</sup>.

Statistics show that Black and Brown children are disproportionately affected by this and are significantly more likely to develop Type 2 Diabetes<sup>2</sup>. Thus, sugary drink taxes work to lower rates of chronic diseases by lowering the average consumption of sugary drinks.<sup>3</sup>

#### **PROBLEM:**

In 2018, the legislature was forced to impose a statewide ban on all California local governments from adopting sugary drink taxes through 2030. The ban was driven by pressure from special interest and business groups and left local governments and the communities they serve without this possible revenue option. As a result, locally approved sugary drink taxes are off the table in every California community, regardless of a community's need or interest in using this kind of public health tool that would have the added benefit of supporting local budgets.

#### **SOLUTION:**

Residents, cities and counties in California need the ability to decide what is best for them, including taxation on sugary drinks. Due to COVID-19, all options should be considered.

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<sup>1</sup> National Library of Medicine. "Sugar-Sweetened Beverage but Not Diet Soda Consumption Is Positively Associated with Progression of Insulin Resistance and Prediabetes" <https://pubmed.ncbi.nlm.nih.gov/27934644/>

<sup>2</sup> CDC. National Diabetes Statistics Report 2020. <https://www.cdc.gov/diabetes/pdfs/data/statistics/national-diabetes-statistics-report.pdf>

<sup>3</sup> Society of Behavioral Medicine "Enact Taxes on Sugary Drinks to Prevent Chronic Disease" [drink-tax-statement\\_v11-lores.pdf \(sbm.org\)](https://www.sbm.org/press-releases/2019/04/23/enact-taxes-on-sugary-drinks-to-prevent-chronic-disease)

Repealing this preemption is not a tax, rather it would restore the right for local governments and their residents to consider all tools in their toolbox to address health inequities and fund critical services. Four cities enacted a local sugary drink tax before the preemption, but industry ensured that the rest of the state would be without this option for another decade.

Cities and Counties that support this proposal:  
Cities of Los Angeles, Berkeley, Watsonville, Santa Cruz, Richmond, and San Francisco  
Humboldt, and Contra Costa Counties.

**CO-SPONSORS:**

American Cancer Society Cancer Action Network  
American Diabetes Association  
American Heart Association  
Asian Pacific Partners for Empowerment,  
Advocacy and Leadership  
California Black Health Network  
California Dental Association  
Latino Coalition for Healthy California  
The Praxis Project  
Public Health Advocates  
Public Health Institute  
Roots of Change  
Social Justice Learning Institute

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