Center *for* Public Policy Priorities

Testimony

April 18, 2011 **82nd Legislature** **Senate Committee on Finance**

SB 1004

The Center for Public Policy Priorities supports Senate Bill (SB) 1004, because it addresses two major challenges facing Texas: the need to fund a balanced approach to the 2012-13 budget, and the need to improve nutrition and curb obesity, which cost the state $9.5 billion in 2009. Imposing a tax on soft drinks could raise up to $4 billion over the biennium. Increasing the cost of soft drinks has been proven to discourage their consumption, which is associated with poor diet, high rates of obesity and risk for diabetes. Texas needs this additional revenue, along with dollars from the Rainy Day Fund, to minimize damaging cuts to public education, higher education, and health and human services.

The Cost of Obesity

Obesity is a problem, increasing risks for diabetes and heart disease. Being overweight increases the risk of serious illness, including heart disease, stroke, type-2 diabetes, certain cancers, and other serious medical conditions. Child and adolescent obesity is also associated with increased risk of emotional problems: teens with weight problems tend to have much lower self-esteem and be less popular with their peers.

According to the Comptroller's report, *Gaining Costs, Losing Time: The Obesity Crisis in Texas*, the number of Texans who are overweight or obese continues to grow, as are the obesity-related costs borne by Texas employers. Today, 66.7 percent of adult Texans are overweight or obese, up from 64.1 percent in 2005. A 2007 study by the Department of State Health Services estimated that almost one-third (32 percent) of Texas high-school students were overweight or obese. The comptroller estimates that the cost of treating obesity-related diseases was $9.5 billion in 2009 and could, left unchecked, cost employers $32.5 billion annually by 2030. Obesity-related costs also contribute to rising health care and insurance costs that have forced some Texas employers to reduce insurance coverage.

Soft Drink Consumption and Obesity

The consumption of soft drinks has increased significantly since the 1970s and now averages 50 gallons per person per year. According to the Rudd Center for Food Policy and Obesity at Yale University (www.yaleruddcenter.org/resources/upload/docs/what/reports/RuddReportSoftDrinkTaxFall2009.pdf):

- A 2004 study found that soft drinks are the single largest contributor of calorie intake in the United States.
- U.S. per capita consumption of calories from sugar-sweetened beverages doubled between 1977-2002 across all age groups;
- Children and adults consume about 172 and 175 calories daily, respectively, per capita from these beverages;
- The percentage of beverage calories from sweetened beverages consumed by 2-18 year olds has increased, while the percentage from milk has decreased. In the mid-1990s the intake of sugared beverages began surpassing that of milk.

More than for any type of food, rigorous scientific studies have shown that consumption of soft drinks is associated with poor diet, increasing rates of obesity, and risk for diabetes. These links are strong for children. Increased soda consumption leads to more tooth decay and less calcium in a child's diet due to lower milk consumption.

Decreasing Soft Drink Consumption through a Soda Tax

A tax on sugared soft drinks could help increase awareness of the need to limit sugar intake linked to obesity. Raising the relative price of unhealthy beverages would not only discourage their consumption and decrease the sale of those drinks, it would influence demand for healthier alternatives, which may put pressure on beverage manufacturers to create healthier their products.

A Soft Drink Tax Would Raise Badly Needed Revenue

A soft drink tax would raise additional revenue needed to fund a balanced approach to the 2012-13 budget. The Rudd Center estimates a tax on soft drinks in Texas could raise almost $4 billion in 2012-13. A portion of these funds could be used to maintain existing obesity prevention initiatives. HB 1 contemplates devastating cuts for major essential services. Cuts of this magnitude would hurt Texans and undermine our long-term prosperity. SB 1004 would provide additional revenue that, along with dollars from the Rainy Day Fund, would minimize damaging cuts to public education, higher education, and health and human services.