



# Revenue Generated from the Cook County, Illinois, Sweetened Beverage Tax in Fiscal Year 2017

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## Background

Beverage taxes are currently being implemented by 7 U.S. cities and in a number of countries worldwide.<sup>1</sup> While most of these taxes apply only to sugar-sweetened beverages (SSB), some jurisdictions including Philadelphia, Pennsylvania (PA), have applied a beverage tax to sweetened beverages more broadly, including both SSBs and artificially sweetened beverages (ASBs).

In November 2016, the Cook County, Illinois (IL), Board of Commissioners passed the [Cook County Sweetened Beverage Tax Ordinance](#) which imposed a tax at the rate of \$0.01/ounce on the retail sale of all sweetened beverages (i.e., SSBs and ASBs) which was to be applied at the point-of-sale (i.e., at the cash register).<sup>2,3</sup> The Cook County Sweetened Beverage Tax (SBT) took effect on August 2, 2017 and was in effect through November 30, 2017 (the tax was repealed by the Cook County Board of Commissioners, effective December 1, 2017).<sup>3</sup>

Revenue from the tax was allocated to the County General Fund (GF), which funds the county court system, public safety, and other county functions including highways and environmental protection; and to the County Health Enterprise Fund (HEF), which includes the County Health and Hospitals System.<sup>4</sup> This brief summarizes the revenue generated from the tax while in effect and the distribution of revenue by fund type.

## Methods

Data were obtained from quarterly revenue reports provided by the Cook County Department of Revenue to researchers at the University of Illinois at Chicago and further confirmed through the County's [Comprehensive Annual Financial Report](#) for the year ending November 30, 2017.<sup>4</sup>

## Results

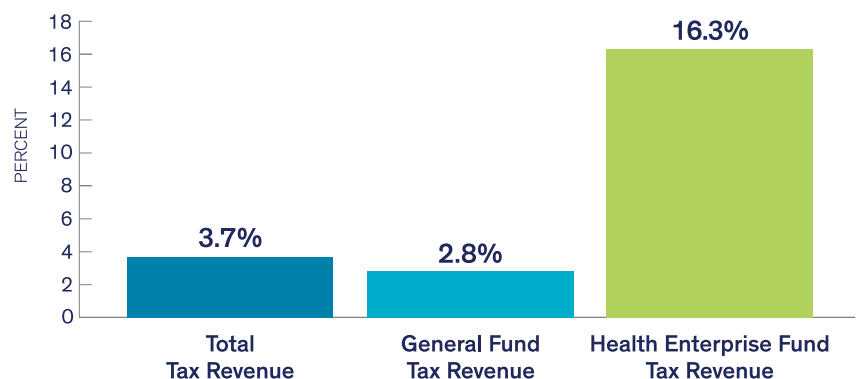
**TABLE 1** Sweetened Beverage Tax (SBT) Revenue Generated in Cook County, IL, August – November, 2017, Total Revenue and by Fund

	Revenue Generated (\$)	Percent of Total SBT Revenue
<b>Total SBT Revenue</b>	\$61,576,501	100%
SBT Revenue, General Fund	\$44,847,715	72.8%
SBT Revenue, Health Enterprise Fund	\$16,728,786	27.2%

SBT revenue generated from August 2, 2017 through November 30, 2017.

- A total of \$61.6 million in SBT revenue in Cook County, IL, was generated over the four-month period that the tax was in place.
- Approximately three quarters of the SBT revenue (\$44.8 million) was generated for the County GF.
- Approximately one quarter of the SBT revenue (nearly \$17.0 million) was generated for the County HEF.

**FIGURE 1** Cook County, Illinois, Sweetened Beverage Tax Revenue Collected between August and November 2017 as a Proportion of the Annual Total Tax Revenue for FY 2017, by Total Tax Revenue and by Fund



- The \$61.6 million of SBT revenue raised in Cook County from the four-month period of August-November 2017, made up 3.7% of the \$1.58 billion in annual tax revenue raised in the County for the fiscal year ending November 30, 2017.
- The \$44.8 million in SBT revenue allocated to the GF accounted for 2.8% of the GF revenue raised from annual taxes for the year ending November 30, 2017; while the \$16.7 million SBT revenue allocated to the HEF accounted for 16.3% of the total annual tax revenue allocated to the HEF for the fiscal year ending November 30, 2017.

## Discussion

Approximately \$61.6 million in SBT revenue was raised in the four months that the SBT was in effect and it made up 3.7% of the total tax revenue collected in Cook County (~\$1.58 billion) for the fiscal year ending November 30, 2017 (annualized SBT revenue could have made up roughly 10% of tax revenues). Roughly three quarters of the SBT revenue raised was allocated to the GF (72.8%) and that made up 2.8% of the total revenues for the GF. The \$16.7 million of SBT revenue allocated to the HEF accounted for 16.3% of the total tax revenue allocated to the HEF for the fiscal year ending November 30, 2017. The County initially projected that approximately \$53.4 million and \$20.2 million in SBT revenue would be generated for the GF and HEF, respectively, for the four-month period that the tax was in effect (i.e., from August 2–November 30, 2017). Actual collection for each fund reached 85% and 84%, respectively, of those projected estimates. Collection may fall short of projections due to larger than expected impacts on consumption (i.e., purchasing behavior) and/or cross-border shopping.

As noted earlier, the Cook County's SBT was applied to both SSBs and ASBs and, of the recently implemented beverage taxes in the U.S., the only other jurisdiction to apply their tax to ASBs as well as SSBs was Philadelphia, PA, though their rate was higher at \$0.015 per ounce compared to the rate of \$0.01 in Cook County. The revenue collection of \$61.6 million is equivalent to a monthly per capita revenue amount of \$2.95 in Cook County, IL.<sup>4,5</sup> This compares to an average monthly per capita revenue estimate of \$3.81 in Philadelphia, PA (based on revenue raised in the first year of the Philadelphia tax).<sup>5,6</sup> Higher tax rates on the one hand will raise more revenue but they are also expected to have larger impacts on reducing purchases/consumption and hence will thereby be applied to a smaller base. The net impact on total revenue generation is an empirical question and depends on the price sensitivity of demand.<sup>7</sup> Albeit Cook County, IL, and Philadelphia, PA, have different bases to begin with, the revenue estimate comparison between the two jurisdictions suggests that sweetened beverage taxes can be raised further without loss of revenue and with the added public health benefit of lower sweetened beverage consumption.

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