

Revenue Generated from the Oakland Sugar-Sweetened Beverage Tax, July 2017 – December 2019

JAMIE F. CHRIQUI,^{1,2} YUKA ASADA,² ANDREA PIPITO,² LISA M. POWELL^{1,2}

Beverage taxes have been adopted and continue to be implemented in 7 U.S. cities, by the Navajo Nation, and in a number of countries worldwide.¹ Cook County, Illinois, also adopted a beverage tax that took effect in August 2017 and was repealed effective December 1, 2017. With the exception of Philadelphia, Pennsylvania, and Cook County, Illinois, all of the beverage taxes have been applied only to sugar-sweetened beverages (SSBs).

Oakland, California's SSB tax was included on the November 2016 ballot (Measure HH) as a general tax requiring a majority vote to pass. Measure HH garnered 61% of the electoral votes and took effect on July 1, 2017.^{2,3} The ordinance applies a 1-cent per fluid ounce excise tax on all calorically sweetened beverages, including but not limited to sodas, sports drinks, teas, and energy drinks provided each beverage contains ≥ 25 calories per 12 fluid ounces.

Measure HH called for the revenue to be deposited into the City's General Revenue Fund.^{2,3} The city subsequently approved a sub-fund (Fund 1030) within the General Revenue Fund to collect and track the Measure HH revenue.⁴ Revenue collected from the tax was to be allocated based on recommendations from a Community Advisory Board (CAB) formed for the purpose of making recommendations to the City Council and the Mayor.

This brief summarizes the revenue generated from the Oakland SSB tax for the first 30 months that the tax was in effect, from July 2017 through December 2019, inclusive.

Methods

Data were obtained from revenue reports provided by the City of Oakland Department of Finance to researchers at the University of Illinois at Chicago and from information reported in annual budget reports from the City's Adopted Policy Budget for 2017-19 and 2019-21.^{3,4} Descriptive analyses presented herein were calculated by the study authors.

FIGURE 1 Cumulative Oakland SSB Tax Revenue, July 2017-December 2019

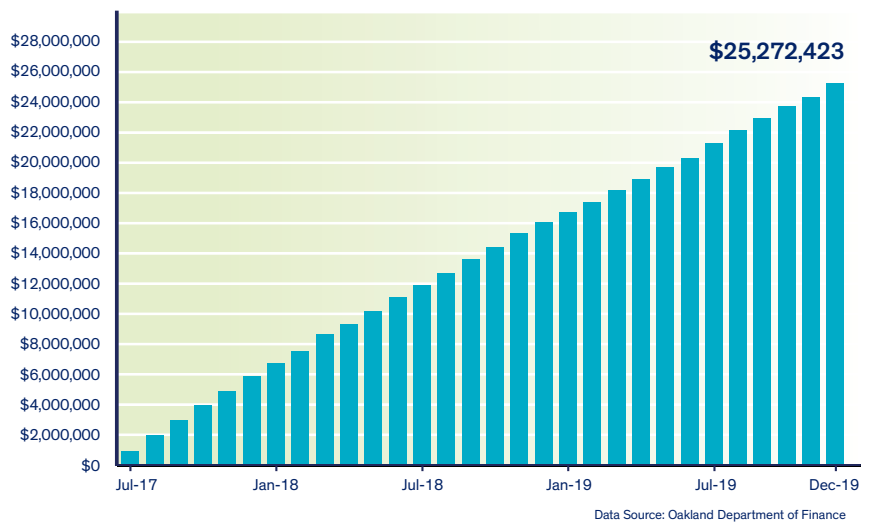


Figure 1 illustrates the cumulative revenue collected from the Oakland SSB Tax over time.

- As of December 2019, \$25,272,423 had been raised in revenue from the Oakland SSB tax.
- Over the first 30 months that the tax was in effect, monthly revenue collected ranged from a low of \$576,303 (November 2019) to a high of \$1,094,726 (March 2018).

AUTHOR AFFILIATIONS

1. Health Policy and Administration, School of Public Health, University of Illinois at Chicago, Chicago, IL.
2. Institute for Health Research and Policy, University of Illinois at Chicago, Chicago, IL.

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TABLE 1 Summary of Oakland SSB Tax Revenue, July 2017-December 2019	
Revenue by Year	Amount
Year 1 (July 2017-June 2018)	\$11,075,790
Year 2 (July 2018-June 2019)	\$ 9,234,179
Year 3 partial (July 2019-December 2019)	\$ 4,962,453
Total (July 2017-December 2019)	\$25,272,423
Average Revenue by Time Period	Amount
<i>Monthly Average (July-December of each year)</i>	
Year 1	\$966,932
Year 2	\$831,254
Year 3	\$827,075
<i>Monthly Average (January-June of each year)</i>	
Year 1	\$879,033
Year 2	\$707,776
Year 3	Not yet available
Monthly Average (July 2017-December 2019)	\$824,414

Data Source: City of Oakland Department of Finance

Table 1 summarizes the revenue generated from the Oakland SSB tax over time.

- The amount of SSB tax revenue varied by year, with slightly more than \$11 million raised between July 2017-June 2018, over \$9.2 million raised between July 2018-June 2019, and nearly \$5 million raised in the first 6 months of 2020.
- The average monthly revenue generated from the tax during the first 30 months of collection was \$824,414.
 - Given that overall revenue was higher in year 1 than in years 2 and 3 of the tax, it is not surprising that the monthly average revenue collected was also higher in the first year of the tax as compared to in years 2 and 3.
 - However, the average monthly revenue collected during the first six months in years 2 and 3 of the tax were quite comparable (\$831,254 vs. \$827,075, respectively).
 - Overall, the monthly average revenue collected was higher in the first six months of each year than in the latter part of the year (for the first two years where data are available).

Discussion

Over \$25 million in revenue was generated from the Oakland SSB tax during the first 30 months of its implementation, with tax revenue deposited into the City's General Revenue Fund and then allocated to fund a number of public health-related programs based on recommendations from the CAB and subsequent approval by the City Council.³

The SSB tax accounted for approximately 2% of the City's total General Revenue Fund for fiscal years 2017-18 and 2018-2019 (data are not available for the latter 6-months of fiscal year 2019-20).³ Between July 2017 and December 2019, the average monthly per capita⁵ revenue from the tax was \$2.00, which equates to an average annual revenue of \$24 per person per year generated from the tax.

TABLE 2 Examples of Programs/Projects Funded with the Oakland SSB Tax Revenue		
Funding Area	Types of Agencies Funded	Examples of Projects
Prevention through Education and Promotion	County public health department, community based organizations	<ul style="list-style-type: none"> ■ Rethink Your Drink Oakland ■ Youth Action to Reduce SSB Consumption
Potable Water Access	Oakland Unified School District (OUSD), Oakland Parks and Recreation	<ul style="list-style-type: none"> ■ OUSD FloWater Hydration Stations ■ Head Start FloWater Hydration Stations ■ Parks and Recreation FloWater Hydration Stations
Healthy Neighborhoods and Places	County public health department, community based organizations	<ul style="list-style-type: none"> ■ East Oakland Food Matters ■ VeggieRx Program for Healthy Food and Beverages
Health Care Prevention and Mitigation	Community Organizations	<ul style="list-style-type: none"> ■ Preventive dental services at WIC ■ Oakland Healthy Children
Youth and Families	Oakland Fund for Children and Youth	<ul style="list-style-type: none"> ■ Community grants and other initiatives aimed at reducing or preventing SSB consumption

Data Source: Oakland SSB Tax Community Advisory Board Meeting Minutes; City of Oakland Fiscal Year 2019-2021 Adopted Policy Budget

Table 2 highlights examples of funding areas and types of agencies and projects that have been funded with the tax revenue.

- Although Measure HH did not dedicate tax revenue for specific purposes, it did require the CAB to make recommendations for how the revenue should be spent and the City Council had to approve the allocations.
- The city maintains a competitive request for proposal (RFP) process for community/local agency grants to apply for SSB tax revenue funds to support programs aimed at preventing and/or reducing the negative consequences of SSB consumption.⁴

References

1. Healthy Food America, 2019. Map and Chart the Movement. Available at: <http://www.healthyfoodamerica.org/map>
2. Oakland City Council (2016). Sugar-Sweetened Beverage Distribution Tax Ordinance. Resolution No. 86161 C.M.S. Available: <https://cao-94612.s3.amazonaws.com/documents/Measure-HH-City-of-Oakland-November-2016.pdf>
3. City of Oakland. Fiscal Year 2017-2019 Adopted Policy Budget. Available: <http://www2.oaklandnet.com/oakca1/groups/cityadministrator/documents/policy/oak067556.pdf>
4. City of Oakland. Fiscal Year 2019-2021 Adopted Policy Budget. Available: <https://cao-94612.s3.amazonaws.com/documents/FY-2019-21-Adopted-Budget-Policy-Book-FINAL-WEB-VERSION.pdf>
5. Per capita revenue calculated using the City's revenue data combined with data from the Census Population estimates for the City of Oakland for 2014-2018. Population estimates available from: https://data.census.gov/cedsci/table?q=Oakland%20city%20California&q=1600000US0653000&hidePreview=true&tid=ACSDP5Y2018_DP05&table=DP05&moe=true

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