



New York Association of Convenience Stores
130 Washington Avenue, Suite 300, Albany NY 12210

TELEPHONE: (800) 33-NYACS or (518) 432-1400

FAX: (518) 432-7400

NYACS: Paterson's Proposed Beverage 'Obesity Tax' Harmful if Swallowed

New York's convenience store industry is aghast at the over-sized "obesity tax" on sugar-sweetened beverages Governor Paterson proposed Tuesday in his new state budget.

The new tax would add at least \$1.50 to the price of a typical 12-pack of non-diet Coke or Pepsi cans, nearly 10 times the state excise tax on a 12-pack of beer, according to the New York Association of Convenience Stores.

"Besides artificially driving up prices, it would create a price differential more than sufficient to chase our customers away to nearby Native American stores to buy these beverages 'tax free,' replicating the cigarette tax evasion epidemic that has crippled our stores," said NYACS President James Calvin.

The penny-per-ounce excise tax would apply to any non-alcoholic beverage, carbonated or non-carbonated, containing more than 10 calories per 8 ounces. That captures non-diet soda, water, sports drinks, energy drinks, fruit and vegetable drinks containing less than 70% natural juice, bottled coffee and tea, and powdered and frozen concentrates. Only dietary aides, infant formula, milk and milk products and exports would be exempt.

Governor Paterson said the tax would increase the price of sugar-sweetened beverages by 17 percent, "which will reduce consumption by approximately 15 percent, improve nutrition, raise revenue for health programs and recover some of the health costs caused by consumption of high calorie, nutrient poor foods and beverages."

"We don't understand why customers who consume these beverages in moderation should pay a financial penalty because of the dietary habits of some of their neighbors," Calvin said. "It was the same thing with deposits on bottled water. Why make people who were already recycling empty bottles at curbside start paying a deposit and schlepping them back to the store to redeem them for recycling?"

The excise tax would be imposed at a rate of \$7.68 per gallon of beverage syrup and \$1.28 per gallon of prepackaged soft drinks (one cent per fluid ounce). It would be collected at the "distributor" level, defined as an importer, bottler or manufacturer.

With an effective date of September 1, 2010, the new tax would be designed to increase revenues by \$1 billion a year on an annualized basis, representing taxable sales of 1.4 billion six-packs.

"In other words, the Governor's solution to obesity is for cash-strapped, thirsty New Yorkers to pay \$1 billion more to their bloated state government," said Calvin.

As the state Legislature debates Paterson's budget proposals, NYACS will oppose the new tax on its own and as a member of a coalition called New Yorkers Against Unfair Taxes (www.nobeveagetax.com), which is leading the fight against new taxes on foods and beverages.