



April 15, 2019

The Honorable Autumn R. Burke
California State Assembly Committee on Revenue & Taxation
1020 N Street, Room 167A
Sacramento, CA 95814

Re: AB 138 (Bloom) California Community Health Fund - OPPOSE

Executive Committee

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Matthew R. Mahood
The silicon valley organization

Dear Chair Burke:

On behalf of The Silicon Valley Organization (The SVO), I am writing to urge you to oppose Assembly Bill 138 (Bloom), which estalibshes the California Community Health Fund upon appropriation of the Legislature with revenue that appears would be derived from some type of sugar-sweetened beverage tax.

The SVO is the Silicon Valley’s premier business advocacy organization representing nearly 1,200 companies that employ over 300,000 workers, and we represent our membership as the region’s largest Chamber of Commerce. The majority of our members are small businesses, many of which are consumers of sugar-sweetened beverages whose bottom line would be directly affected by AB-138. Our members oppose the bill for the following reasons:

1. **Behavior:** Beverage taxes do not make people healthier, but education about a balanced diet can. It does not make sense to pin the blame for complex health issues on sugar-sweetened beverages.
2. **No Positive Health Outcome:** Local municipal taxes have demonstrated an increase in prices without positive health outcomes. The [PLOS Medicine study](#) on Berkeley’s \$0.01/ounce SSB tax found consumers’ average daily caloric intake of taxed beverages decreased by six calories per person, but consumers’ average daily caloric intake of untaxed beverages, such as milkshakes and yogurt-based smoothies, increased by 31 calories per person. The study also found sales of beverages taxed by Berkeley increased in stores just outside the city.
3. **Revenue Instability:** California struggles with budget cuts and revenue loss, and the creation of additional state programs that may ultimately rely upon General Fund revenue in order to survive is a concern. If SSB taxes deter consumers from purchasing sweetened beverages, as intended, then the tax is a decreasing revenue source and would result in a need for additional taxes to replace lost revenue.
4. **Economic Impact:** The case of a beverage tax in Philadelphia has demonstrated that beverage taxes are not only discriminatory but hurt the local economy. The tax has effectively made a 12-pack of sports drinks more expensive than a 12-pack of beer. Retailers have shed jobs, cut hours and have seen sales plummet as consumers headed outside of Philly to shop not just for beverages but other items that draw them to stores as well.

For the above stated reasons, we strongly urge you to oppose AB 138.

Sincerely,

Matthew R. Mahood
President & CEO

CC: Honorable members of the Assembly Committee on Revenue and Taxation