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Soda tax passes; Philadelphia is first big city in nation to enact one

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Looking to raise millions for a bold expansion of early childhood education, Philadelphia City Council on Thursday approved a 1.5-cent-per-ounce tax on sugar-sweetened and diet beverages, the first such tax imposed in a major U.S. city.

The 13-4 vote put to bed months of speculation and at-times-bitter negotiations, but also ensured that the national spotlight will stay turned on Philadelphia for months, if not years.

Critics quickly vowed a court challenge. And as the city introduces the unprecedented levy - and its economic and public-health effects come into view - experts, advocates, and legislators will surely be watching closely.

Mayor Kenney, who can count this as the first major political victory of his term, called it a start to "changing the narrative of poverty in our city."

"It's been generations we've been going downhill with our kids in our neighborhoods," Kenney said. "And it's going to take some time to get us back. But this is the first step back."

The tax will hit thousands of products - essentially anything bottled, canned, or from a fountain with either sugar or artificial sweetener added, with a few exceptions.

It is expected to raise about \$91 million annually to be spent on expanding prekindergarten programs in the city; creating community schools; improving parks, recreation centers, and libraries; and offering a tax credit for businesses that sell healthy beverages.

The city plans to start collecting the tax Jan. 1.

The levy is half the 3-cent rate Kenney initially sought, but that proposal never seemed to carry water with Council. The compromise, which added diet drinks to the mix, was supported by all but Council's three Republicans, David Oh, Brian J. O'Neill, and Al Taubenberger, and Democrat Maria Quiñones-Sanchez.

Council President Darrell L. Clarke, who fiercely opposed similar taxes when they were twice proposed by Mayor Michael Nutter, voted in favor.

Nutter, who has been noticeably absent during the debate on a tax for which he twice tried to win support, on Thursday took to Twitter to congratulate Kenney and Council.

"It was the right thing for Phila when I proposed it 5+ years ago, & it's right today!" he wrote.

Philadelphia's tax will be levied on distributors. Only time will tell how much will trickle down to consumers. The tax could add up to 18 cents to the cost of a 12-ounce can, \$1 to the cost of a 2-liter container, and \$2.16 to the cost of a 12-pack. It will affect sodas, teas, sports drinks, flavored waters, bottled coffees, energy drinks, and other products.

Exempt products include baby formula and beverages that are more than 50 percent fresh fruit, fresh vegetables, or milk. Beverages for which customers request sweetener or add it themselves (as at a coffee shop) are also exempt.

Critics of the plan - ranging from bodega owners to the powerful American Beverage Association - have said it will lead to the loss of beverage industry jobs and disproportionately affect the poor. Proponents argued that the tax will lift Philadelphians out of poverty by paying for investments in the city's most struggling neighborhoods.

Both sides have saturated the city - and City Hall - with their pitches for months.

But neither favored a quiet close. On the morning of the vote, antitax advocates stacked dozens of beverages with signs showing the posttax prices in the City Hall courtyard, while supporters celebrated nearby with a "soda fountain," dropping Mentos by the handful into 2-liter bottles, as preschoolers erupted in laughter as the beverages exploded out of their containers.

The American Beverage Association has spent nearly \$5 million on advertising against the tax. A nonprofit created to support the mayor's initiatives spent just over \$2 million, according to its spokesman, \$1.6 million of it from former New York City Mayor Michael Bloomberg.

Bloomberg congratulated Kenney and Council for "standing up to the beverage industry."

"Obesity and poverty are both intractable national problems," Bloomberg said. "No policy takes more direct aim at both than



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Philadelphia's tax on sugary drinks."

A statement from the beverage industry's antitax coalition called the tax unconstitutional and said the group would fight it in court.

"Working families and small businesses simply cannot afford to pay this tax," the group said.

Kenney said, "We're ready" for a legal challenge.

"We believe we're on strong legal ground. We'll see what they do. How they do it. How they approach it," Kenney said. "They spent a long time twisting the facts of this whole debate on television with millions of dollars and that wasn't effective. So we'll fight the next fight when it comes."

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Staff writer Julia Terruso contributed to this article.

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