The Impact of the Philadelphia Beverage Tax on Prices and Product Availability

**Background**
- The prevalence of obesity in US adults rose from 13.4% in 1960 to 39.6% in 2015.
- Sugar sweetened beverages (SSB) have been shown to contribute to obesity and diabetes because they lack nutrients, are highly caloric with a high glycemic load.
- Philadelphia applied an $0.015 excise tax on each 1.5 oz. of SSB and diet beverages, while offering a tax rebate on untaxed beverages to some stores.

**Study Overview**
- This paper uses a difference in difference regression to examine the effect of a tax on SSB’s in Philadelphia.
- The authors collected beverage sales data directly from stores in the affected and unaffected counties around Philadelphia. They examine how availability changed since sellers may be induced to stock more untaxed and less taxed beverages. They also examine heterogeneous effects of store type.

**Key Takeaways**
- They find that, on average, the tax was fully passed through to consumers.
- Pass-through is higher for individual servings than for larger sizes.
- There is also heterogeneity in the pass-through rate among stores; it is greater among stores that are in higher-poverty neighborhoods, located farther from untaxed stores outside Philadelphia, and that are independent as opposed to part of national chains.
- The tax reduced the availability of taxed beverages and increased the availability of untaxed beverages, particularly bottled water, in Philadelphia stores.

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- https://doi.org/10.1002/pam.22201