



A Bold New Solution to Illinois' Obesity Epidemic: Funding Prevention with a Tax on Sugar-Loaded Beverages

The Problem: Illinois' Growing Obesity Epidemic

Obesity was not a problem in America a generation ago. Today, it is an epidemic. In 1995, Illinois had an obesity rate of 15.3 percent.ⁱ Fast forward 15 years and now, 63.7% of Illinois' adults are considered overweight – 27.7 % of them are obese.ⁱⁱ

Unhealthy weight and obesity are linked to increases in Type II diabetes, heart disease and joint and bone problems. Obesity also exacerbates asthma and other respiratory illnesses and has been linked to certain cancers. Chronic diseases associated with unhealthy weight and obesity contribute to an increase in hospitalizations and health care costs.

The impact obesity has on children is especially alarming. Only three states – Mississippi, Kentucky, and Georgia – have a higher rate of childhood obesity than Illinois.ⁱⁱⁱ Our kids are at excess risk for serious lifelong health problems like diabetes, heart disease, fatty liver disease, and arthritis. Unless these trends are reversed, our children are likely to live shorter, less healthy lives than their parents.^{iv}

The obesity epidemic is not only bad for our health; it is bad for our economy. Obesity is a rapidly escalating problem that costs the Illinois health care system and taxpayers \$3.4 billion per year – including \$1 billion to Medicaid and \$800 million to Medicare annually.^v Adjusting for inflation, it is an estimated \$4.4 billion expenditure.^{vi} Some experts predict that, if nothing changes, the cost of obesity to the Illinois health care system could increase to \$14 billion or more a year by 2018.^{vii}

Given today's budget constraints and health care cost pressures, these long-term costs are very likely unaffordable; a public health response that prevents obesity is the most efficient and cost-effective approach our state and nation can take. A study by the Trust for America's Health showed that investment in community-based prevention efforts that have been proven to work yields immediate savings in health care costs. Within five years every one dollar invested could yield savings of \$6.60 in health care spending – a more than 500% return on investment.^{viii}

A Bold Solution: Funding Prevention and Transforming Our Neighborhoods Into Healthy Places

To curb the tide of this growing epidemic, the Illinois Alliance to Prevent Obesity (IAPO) is launching an effort to create a dedicated fund for programs and public initiatives designed to prevent and treat obesity and reduce the burden of related health conditions.

The Prevention Fund is one of eight strategies outlined in IAPO's State Obesity Action Roadmap. It would invest in a variety of effective strategies such as protected bike lanes and jogging trails, more opportunities for children and youth to eat healthy and be active in schools and child care settings, sponsoring farmers' markets and expanding grocery outlets in underserved communities and helping businesses with programs that help their employees get healthier and reduce health care costs, all with the intention of transforming communities throughout Illinois into places where the healthy option is the easy one for everyone.



In this era of budget austerity, IAPO has identified a funding source for the Prevention Fund: a dedicated tax on sugar-loaded beverages. The tax would have the added benefit of reducing obesity by reducing consumption of these drinks. A sugar-loaded beverage is any beverage that has added sugar. It can be regular soda, sports drinks, energy drinks, fruit flavored drinks, juice drinks, tea and coffee drinks, flavored milk and flavored water.

Why Tax Sugar-Loaded Beverages?

Communities across the United States and the world are taking steps to address access to and consumption of sugar-loaded beverages because they are major contributors to obesity and the obesity-related costs to our economy and healthcare system.

- Evidence consistently points to sugar-loaded beverages triggering increased obesity rates. One study found that sugar-loaded beverages can account for an estimated 20 to 40% of all weight gained by Americans between 1997 and 2007.^{ix}
- Approximately 46% of the added sugar in our diets comes from soda, energy drinks, sports drinks and sugar-sweetened fruit drinks.^x Adults who drink just one sugar-loaded drink every day increase the likelihood that they will be overweight or obese by 27%.^{xi}
- A child's risk of obesity increases 60% with every additional daily serving of soda.^{xii}
- The CDC recently reported that half of all US residents over the age of 2 consume a sugar-loaded beverage daily.^{xiii}
- The average American consumes 50 gallons of soda and other sugary beverages annually.^{xiv}
- In recent decades, per capita intake of sugar-loaded beverages has doubled in the United States across all age groups^{xv} and since the mid-90s children have been getting more calories from sugary beverages than from milk^{xvi}.

A tax can (1) reduce obesity and obesity related diseases by reducing consumption of sugar-loaded beverages and (2) lead to an overall reduction in health care and other related costs. It is an ideal funding source for a prevention fund.

What Would Be the Impact of a Tax?

According to *Estimating the Potential Impact of Sugar-sweetened and other Beverage Excise Taxes in Illinois* by Frank Chaloupka, Illinoisans will consume over 620 million gallons of sugar-loaded beverages in 2011. A one-cent per ounce excise tax on sugar-sweetened beverages in containers (average size is 12 oz cans and 20 oz bottles) would produce the following outcomes:

- 23.5% drop in consumption of sugar-sweetened beverages;



- 185,127 fewer obese Illinoisans (9.3% reduction in the number of obese youth between the ages of 2 -17 and 5.2% reduction in number of obese adults);
- 3,442 fewer people with diabetes;
- Reduction in health care costs related to diabetes and other obesity related diseases totaling \$171.5 million in the first year; and
- New tax revenues totaling \$606.7 million to invest in prevention.

Critical Principles for an Excise Tax

The tax should be structured as an excise tax, so that the pricing impact is on the shelf and thus provides an incentive for consumers to choose healthier drink options. A sales tax at the checkout line does not influence consumer choice.

If considered, a tax should adhere to the following principles as a strategy to reverse Illinois' harmful and costly obesity epidemic:

All revenues from the tax should be earmarked for a fund that invests in health and obesity prevention.

The fund should have these components:

- State level policy, environmental and systems change initiatives that promote integrated efforts across agencies and stakeholders such as public health, transportation, parks and recreation and schools.
- Investment in local community coalition efforts focused on policy, environmental and systems change initiatives.
- Investments in schools and child care programs to improve nutrition and physical activity opportunities for children.
- Investment in health care and clinical interventions that prevent and treat obesity and chronic disease.

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