



Does Clinton's Soda Stance Violate Tax Pledge?

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Democratic presidential front-runner Hillary Clinton's recent endorsement of a tax on sugary soft drinks spurred immediate criticism that she was violating her pledge to protect middle-income taxpayers.

Clinton, campaigning in Philadelphia on April 20, said she backed Mayor Jim Kenney's proposed 3-cent-per-ounce excise tax on soda drinks to raise money for pre-kindergarten programs, infrastructure, and energy investments. Kenney hopes to raise \$400 million over five years through such a tax.

"We need universal preschool. And if that's a way to do it, that's how we should do it," the former secretary of state said at a town hall meeting, according to CNN.

Until now, Clinton had pledged to not raise taxes on those making less than \$250,000, but a soda tax is widely seen as affecting many well below that income level.

Clinton's campaign did not respond to requests for comment.

But the comment brought a prompt rebuke from Sen. Bernie Sanders, I-Vt., her remaining opponent for the Democratic presidential nomination. "Frankly, I am very surprised that Secretary Clinton would support this regressive tax after pledging not to raise taxes on anyone making less than \$250,000," Sanders told *Politico*. "This proposal clearly violates her pledge."

And Grover Norquist, founder of Americans for Tax Reform, told Tax Analysts: "Hillary Clinton has not even been nominated and her 'no middle-class tax hike' pledge has been discarded. This removed a key shield her predecessors had in debates and the general campaign. She too will raise taxes on the middle class. We are now only wondering which taxes."

Economists' Views

Economist Kyle Pomerleau of the Tax Foundation added that a tax on soda would mainly fall on two groups: those who purchase soda, who would face higher prices, and companies that sell soda, which would see lower demand and profits, affecting shareholders.

"It is fair to say that it would hit a broad number of people. Some of those would be lower- and middle-income," Pomerleau said.

While Clinton's tax proposals in her 2016 campaign have emphasized progressive measures that would increase taxes on the wealthy, there is no doubt that a surcharge on soda would be regressive, even if the revenue is used for a good reason, said analysts at the Urban-Brookings Tax Policy Center (TPC).

"A soda tax is very regressive, though the amount of tax paid by any consumer is relatively small -- on average about \$70 a year," said TPC analyst Howard Gleckman. "Also, if low-income people disproportionately eat and drink unhealthy stuff, and the tax discourages that behavior, you can argue it improves their overall well-being more than it does higher-income people."

Regardless, economist Chris Edwards of the libertarian Cato Institute said Clinton's remark left him in the rare position of agreeing with Sanders. "This proposal clearly violates her pledge," Edwards told Tax Analysts. "A tax on soda and juice drinks would disproportionately increase taxes on low-income families in Philadelphia."

Edwards added: "Governments should not try to micromanage our lifestyles by adding narrow provisions to the tax code. Governments should try to make tax codes as neutral as possible so that Americans can exercise their individual freedom as they see fit. Lifestyle micromanagement is a slippery slope -- today it is tax punishment for soda, and tomorrow what? Maybe cakes, pies, bacon, and ice cream?"

Edwards also said a soda tax would add complexity and administrative costs.

"How will Philly determine the line on what soda is?" Edwards asked. "How about a drink that is 50 percent fruit juice and 50 percent soda? Philly will set itself up for nonstop lobbying from various beverage interests. More micromanagement of the tax code equals more of the special interest lobbying that everyone hates."

In December 2015 TPC published an in-depth paper [by](#) Donald Marron, Maeve Gearing, and John Iselin examining the issue of taxing unhealthy drinks and food. It said: "Improving nutrition is essential to better public health. Well-designed taxes can likely help. But taxes are a limited tool for such a complex challenge. Even the best designed taxes on unhealthy foods and drinks are not a silver bullet, and poorly designed taxes can impose burdens without yielding commensurate health benefits." (Prior coverage [by](#).)

One way to possibly avoid affecting some income levels would be to allow the money paid into the tax to be "recycled via a tax credit," said TPC Director Leonard Burman.