

Gregory J. Costa
Director, State Affairs
gcosta@gmaonline.org



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MEMORANDUM OF OPPOSITION
Connecticut House Bill 5461, An Act Imposing a Tax on Sugary Soft Drinks
and Candies

On behalf of the Grocery Manufacturers Association (GMA), I would like to take this opportunity to register our opposition to House Bill 5461, An Act imposing a tax on sugary soft drinks and candies. We are opposed to any revenue proposal that would create a new and distinct tax on candy, confectionaries and soft drinks, whether for revenue purposes or as a means to address a social cause. Our members support a fair, competitive marketplace for grocery and consumer products and oppose the selective taxation of food products, including those products addressed in this legislation, because these taxes are arbitrary, discriminatory, regressive and inefficient to collect and administer.

The Grocery Manufacturers Association is the voice of more than 300 leading food, beverage and consumer product companies that sustain and enhance the quality of life for hundreds of millions of people in the United States and around the globe.

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Founded in 1908, GMA is an active, vocal advocate for its member companies and a trusted source of information about the industry and the products consumers rely on and enjoy every day. The association and its member companies are committed to meeting the needs of consumers through product innovation, responsible business practices and effective public policy solutions developed through a genuine partnership with policymakers and other stakeholders.

In keeping with its founding principles, GMA helps its members produce safe products through a strong and ongoing commitment to scientific research, testing and evaluation and to providing consumers with the products, tools and information they need to achieve a healthy diet and an active lifestyle.

The food, beverage and consumer packaged goods industry in the United States generates sales of \$2.1 trillion annually, employs 14 million workers and contributes \$1 trillion in added value to the economy every year.

GROCERY MANUFACTURERS ASSOCIATION

1350 I Street, NW :: Suite 300 :: Washington, DC 20005 :: ph 202-639-5900 :: fx 202-639-5932 ::

www.gmaonline.org

Selective taxation is unfair to small businesses and consumers alike. Placing a tax on one or two items within a category and excluding other items leads to consumer confusion and establishes preferences that may unfairly affect consumer-purchasing decisions. Furthermore, small retailers and merchants, without sophisticated programmable scanning devices, must resort to manual, piecemeal accounting and collection of the tax. This creates not only a time-consuming paperwork nightmare for the small grocer, but a larger bureaucracy for the state or municipality collecting the tax. In addition, since only selected foods are taxed, confusion arises over which product is and is not taxed.

While our industry and our members are cognizant of the particularly difficult budget cycle that this legislature has had to manage, and we understand that all sides have been tasked with coming to agreement on spending and revenue goals in this economic climate, we ask that you seek the least narrow and arbitrary of solutions. This kind of selective taxation will only lead to confusion among consumers, grocers and tax collectors, with no measurable or reliable benefit to the state. Furthermore, such tax schemes cannot be considered without full examination of the externalities that are always present when human behavior modification is the subject of tax policy. While it can be true that taxation as a means to reduce consumption of a particular product can be successful, academic studies have shown that, in the case of foods and beverages, there is also likely to be a shift in consumer preference to other equally caloric choices.

In consideration of the regressive nature of the type of taxation H.B. 5461 represents, the confusion this legislation would cause for consumers and retailers alike, and the unproven effect of this policy on obesity rates, the Grocery Manufacturers Association respectfully opposes the adoption of this legislation. Thank you again, and if I can answer any questions, I may be reached at any time at gcosta@gmaonline.org and at 703-967-7175.

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