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June 17, 2016

LaTonda Simmons
City Clerk
1 Frank H. Ogawa Plaza
Oakland, CA 94612

RE: Financial Analysis of Sugar-Sweetened Beverage Distribution Tax Ordinance for
November 2016

Dear LaTonda Simmons, City Clerk:

I am pleased to submit an impartial analysis on Resolution No. 86161, which proposes to add an ordinance creating an excise tax on the distribution of sugar-sweetened beverages to the November 2016 ballot.

The Office of the City Auditor prepared this analysis in accordance with Municipal Code Section 3.08.210, which requires the Office prepare an impartial financial analysis of each measure qualifying for ballot placement.

If you have any questions, please contact Stephen Lawrence, Assistant City Auditor at 510-238-7609.

Sincerely,

A handwritten signature in blue ink, appearing to read "Brenda D. Roberts", with a stylized flourish at the end.

Brenda D. Roberts
City Auditor

attachment



Ballot Measure Resolution 86161 – The Proposal

Resolution No. 86161 will impose a one cent (\$0.01) per fluid ounce tax on the distribution of sugar-sweetened beverages. A sugar-sweetened beverage is any beverage intended for human consumption to which one or more caloric sweeteners are added and contains 25 or more calories per 12 fluid ounces of beverage.

The distributors of sugar-sweetened beverages are responsible for paying the tax.

Applicability and Exemptions

Beverages subject to the tax include, but are not limited to sodas, sports drinks, sweetened teas, energy drinks, non-100% fruit drinks, etc. Beverages exempt from the tax include milk products, 100% juice, baby formula, diet drinks, or drinks taken for medical reasons.

Community Advisory Board

The ordinance proposes the formation of a Community Advisory Board, which will advise and make recommendations to the City Council on the effectiveness of the Sugar-Sweetened Beverage Tax, including how and to what extent the City Council should establish and fund programs to prevent or reduce the health consequences of consuming sugar-sweetened beverages in Oakland communities. The nine member board will be comprised of Oakland residents, and will include medical and dental professionals, Oakland Unified School District parent representatives, and public health professionals.

Revenue

The revenue from this tax will be designated for the General Purpose Fund. The Community Advisory Board will give recommendations to the City Council on ways to spend the funds. This measure requires a majority vote in order to pass.

Estimated Costs

We estimate the administrative cost of this measure to be approximately 2% of the revenue, which represents the support for the advisory board and administration and collection of the tax.

A "YES" VOTE MEANS: you support the City to collect a tax of 1 cent per fluid ounce from distributors of sugar-sweetened beverages.

A "NO" VOTE MEANS: you do not support the collection of this tax.