AMERICANS for TAX REFORM

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Massachusetts Senate

Dear Legislator,

Gov. Patrick's plan for balancing the Massachusetts budget is incorrectly focused on revenue, rather than the real problem - overspending. The governor's new executive budget is chock-full of tax increases that will adversely impact the state's economy. One of the most egregious examples is Gov. Patrick's proposal for a soda tax hike, which applies the state's 6.25% sales tax to soda and other sweetened drinks.

Soda taxes have already proven to be ineffective and bad policy. As such, both Washington and Maine recently repealed failed taxes on soda. I encourage you to look to the experiences of these states as a cautionary tale.

Gov. Patrick is trying to sell this idea under the auspices of an obesity prevention initiative. In reality, soda taxes do not necessarily decrease an individual's caloric intake. They are nothing more than a shameless cash grab that puts off necessary spending reforms. According to a recent study by the Tax Foundation, consumers will likely substitute other food and drink to make up for the discrepancy in their diet when they discontinue soda consumption due to higher prices. Thus, decreased soda consumption does not necessarily mean a healthier population in Massachusetts.

Singling out soda, when many factors contribute to obesity, is an ill-advised use of government power that needlessly restricts citizens' freedom of choice. This tax falls on all consumers, not just the ones who consume in excess. No one should have to incur higher prices from a nanny state to curb their consumption, particularly perfectly healthy individuals who enjoy soda and other sweetened drinks.

Gov. Patrick's justification of the soda tax does not cite the facts. In his budget recommendations, the governor claims that soda consumption is on the rise. This statement is simply untrue. The aforementioned Tax Foundation study shows that soda consumption actually decreased in recent years. Between 1998 and 2010, soda consumption per capita fell by 16%.

Worse, the soda tax proposal is also a job-killer. Massachusetts is home to Polar Beverages, a major employer, which will be negatively affected if this tax is enacted. In this tepid economic recovery, jobs are at a premium. Gov. Patrick's friends in the White House have recently emphasized the need to promote domestic manufacturing, yet this proposed soda tax would reduce the job-creating capacity of beverage manufacturers in the Commonwealth. Targeting these manufacturers with discriminatory taxes harms their ability to hire and maintain current employment levels.

As you work through the budget process, I encourage you to focus on cutting the fat in government, rather than the waistlines of individuals. There is plenty of room to cut. I know it irritates some lawmakers when ATR says that the government has a spending problem and not a revenue problem, but that statement is supported by the facts. From 1999 to 2009, the Massachusetts budget grew by 31%. If spending was limited to the growth in population and inflation during that period, the Bay State would have spent $44 billion less. To prevent future budget shortfalls, ATR encourages Massachusetts lawmakers to pass a spending cap in 2012 that will keep government spending in line with population and inflation.

Please look to ATR as a resource on this issue. If you have any questions, please contact ATR's Patrick Gleason at 202-785-0266 or pgleason@atr.org.

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Onward,

Grover G. Norquist

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