

113<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5279

To amend the Internal Revenue Code of 1986 to impose an excise tax on sugar-sweetened beverages, to dedicate the revenues from such tax to the prevention, treatment, and research of diet-related health conditions in priority populations, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 30, 2014

Ms. DELAURO (for herself, Mr. MORAN, and Ms. NORTON) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Internal Revenue Code of 1986 to impose an excise tax on sugar-sweetened beverages, to dedicate the revenues from such tax to the prevention, treatment, and research of diet-related health conditions in priority populations, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Sugar-Sweetened Bev-  
5 erages Tax Act of 2014” or as the “SWEET Act”.

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) FINDINGS.—The Congress finds that:

3 (1) The prevalence of obesity in the United  
4 States has increased dramatically over the past 30  
5 years. From the 1960s to the late 1970s, the preva-  
6 lence was relatively constant, with about 15 percent  
7 of the population classified as obese. After the  
8 1970s, these rates began to climb. According to the  
9 Centers for Disease Control and Prevention, by  
10 2012 more than one-third (34.9 percent) of adults  
11 and 17 percent of youth in the United States were  
12 obese. Although no group has escaped the epidemic,  
13 low income people and communities of color are dis-  
14 proportionately affected. In 2012, nearly half (47.8  
15 percent) of African-American adults were obese and  
16 42.5 percent of Hispanic adults were obese.

17 (2) The percentage of children who are over-  
18 weight has also increased dramatically in recent dec-  
19 ades. After being relatively constant from the 1960s  
20 to the 1970s, the prevalence of overweight children  
21 has more than tripled among children between 6 and  
22 11 years of age and nearly quadrupled among those  
23 between 12 and 19 years of age. Despite significant  
24 public and private investment, childhood obesity  
25 rates remain high. Overall, obesity among our Na-  
26 tion's young people, aged 2–19 years, has not

1 changed significantly since 2004 and remains at  
2 about 17 percent—equaling 12.5 million children  
3 and adolescents.

4 (3) There are significant racial and age dispari-  
5 ties in obesity prevalence among children and adoles-  
6 cents. In 2011–2012, obesity prevalence was higher  
7 among Hispanics (22.4 percent) and non-Hispanic  
8 black youth (20.2 percent) than non-Hispanic white  
9 youth (14.1 percent). The prevalence of obesity was  
10 lower in non-Hispanic Asian youth (8.6 percent)  
11 than in youth who were non-Hispanic white, non-  
12 Hispanic black, or Hispanic.

13 (4) Overweight and obesity are responsible for  
14 an estimated \$190 billion in health care costs na-  
15 tionally, or approximately 5 to 10 percent of all  
16 medical spending—with over 20 percent of these  
17 costs paid publicly through the Medicare and Med-  
18 icaid programs. The medical costs for people who  
19 are obese are dramatically higher (\$2,741 per year)  
20 than those of normal weight.

21 (5) The obesity epidemic is of particular con-  
22 cern because obesity increases the risk of diabetes,  
23 heart disease, certain types of cancer, arthritis, asth-  
24 ma, and breathing problems. Depending on their  
25 level of obesity, from 60 percent to over 80 percent

1 of obese adults have type 2 diabetes, high blood cho-  
2 lesterol, high blood pressure, or other related condi-  
3 tions. According to the CDC, nearly 60 percent of  
4 overweight children have at least one risk factor for  
5 heart disease.

6 (6) Overweight and obesity increase the risk for  
7 several types of common cancers, including post-  
8 menopausal breast, colorectal, endometrial, kidney,  
9 pancreatic, esophageal, and gall bladder cancer. Up  
10 to one in four of all cancer cases and one in three  
11 cancer deaths are due to poor nutrition, physical in-  
12 activity, and overweight and obesity.

13 (7) There is overwhelming evidence of the link  
14 between the consumption of sugar-sweetened bev-  
15 erages, such as non-diet soft drinks, energy drinks,  
16 sweet teas, and sports drinks, and obesity and diabe-  
17 tes. Adults who drink one sugar-sweetened beverage  
18 or more per day are 27 percent more likely to be  
19 overweight or obese, regardless of income or eth-  
20 nicity. After six months, daily consumption of one  
21 liter of sugar-sweetened beverages increases fat de-  
22 posits in the liver by 150 percent, which directly  
23 contributes to both diabetes and heart disease.

24 (8) According to nutrition experts, sugar-sweet-  
25 ened beverages, such as soft drinks, energy drinks,

1 sweet teas, and sport drinks, offer little or no nutri-  
2 tional value, but massive quantities of added sugars.  
3 A 20-ounce bottle of soda contains about 16  
4 teaspoons of sugars. Yet, the American Heart Asso-  
5 ciation recommends that Americans consume no  
6 more than six to nine teaspoons of sugar per day.

7 (9) The 2010 Dietary Guidelines stated that al-  
8 most one-half of the added sugars Americans con-  
9 sume come from sugar-sweetened beverages, with  
10 the average American drinking nearly 45 gallons of  
11 sugar-sweetened beverages a year, the equivalent of  
12 39 pounds of extra sugar every year.

13 (10) Though sugar-sweetened beverage con-  
14 sumption is declining modestly as people learn about  
15 their harmful health effects, Americans are still con-  
16 suming twice as much of these products as they did  
17 in the 1970s. Five percent of Americans consume at  
18 least 567 kcal from sugar drinks on any given day—  
19 equal to more than four 12-ounce cans of soft drink.  
20 According to the National Center for Health Statis-  
21 tics, one-third of calories from added sugars (33 per-  
22 cent) consumed in the United States were from bev-  
23 erages. In children and adolescents, 40 percent of  
24 the calories from added sugars came from beverages.  
25 Children and adolescents consume 10 to 15 percent

1 of their total daily caloric intake from sugar-sweet-  
2 ened beverages.

3 (11) In a study of more than 50,000 female  
4 nurses, women who increased their sugar-sweetened  
5 beverage consumption from no more than one per  
6 week to at least one per day gained an average of  
7 10 pounds over four years. Research also shows a  
8 significant link between sugar-sweetened beverage  
9 consumption and weight gain in children. In a ran-  
10 domized double-blind controlled trial of roughly 640  
11 children, those who were given one 8-ounce serving  
12 sugar-sweetened beverage a day gained more weight  
13 and body fat over 1½ years than those who got one  
14 8-ounce serving of a sugar-free beverage.

15 (12) Sugar-sweetened beverages are a unique  
16 contributor to excess caloric consumption. A large  
17 body of research shows that calories from sugar-  
18 sweetened beverages do not satisfy hunger the way  
19 calories from solid food or fat or protein-containing  
20 beverages such as those containing milk and plant-  
21 based proteins. As a result, sugar-sweetened bev-  
22 erages tend to add to the calories people consume  
23 rather than replace calories from other foods and  
24 beverages.

1           (13) Overweight children have a much greater  
2 chance of being obese as adults, with all the health  
3 risks that entails.

4           (14) Type 2 diabetes, previously only seen  
5 among adults, is now increasing among children.  
6 Data show that almost a quarter of teens now have  
7 either diabetes or prediabetes. If the current trends  
8 are not reversed, it is predicted that one in three  
9 children and nearly one-half of Latino and African-  
10 American children born in the year 2000 will develop  
11 type 2 diabetes in their lifetime.

12           (15) People who consume an average amount of  
13 added sugar equivalent to one 20-ounce soda per day  
14 are 30 percent more likely to die from a heart attack  
15 over 15 years. People who consume the added sugar  
16 equivalent of at least 2–3 20-ounce sodas per day  
17 are 2.75 times more likely to die from a heart at-  
18 tack.

19           (16) Tooth decay (dental caries) is the single  
20 most common chronic childhood disease, experienced  
21 by more than one-fourth of United States children  
22 aged 2–5 years and half of those aged 12–15 years.  
23 About half of all children and two-thirds of adoles-  
24 cents aged 12–19 years from lower-income families  
25 have had decay. According to the American Academy

1 of Pediatric Dentistry, children who frequently or  
2 excessively consume beverages high in sugar are at  
3 increased risk for dental caries. Untreated dental  
4 caries can lead to pain, infection, tooth loss, and in  
5 severe cases, even death. It can slow normal growth  
6 and development by restricting nutritional intake.  
7 Children who are missing teeth may have chewing  
8 problems that limit their food choices and result in  
9 nutritionally inadequate diets.

10 (b) PURPOSES.—It is the intent of the Congress, by  
11 adopting the Sugar-Sweetened Beverages Tax Act (also  
12 known as the SWEET Act), to diminish the human and  
13 economic costs of diabetes, obesity, dental caries, and  
14 other diet-related health conditions. This Act is intended  
15 to discourage excessive consumption of sugar-sweetened  
16 beverages by increasing the price of these products and  
17 by creating a dedicated revenue source for programs and  
18 research designed to reduce the human and economic costs  
19 of diabetes, obesity, dental caries, and other diet-related  
20 health conditions in priority populations.

21 **SEC. 3. EXCISE TAX ON CERTAIN SUGAR-SWEETENED BEV-**  
22 **ERAGES.**

23 (a) IN GENERAL.—Subchapter D of chapter 32 of the  
24 Internal Revenue Code of 1986 is amended by inserting  
25 after part I the following new part:



1       **“PART II—SUGAR-SWEETENED BEVERAGES**

“Sec. 4171. Imposition of tax.

“Sec. 4172. Definitions.

“Sec. 4173. Special rules.

2       **“SEC. 4171. IMPOSITION OF TAX.**

3           “(a) IN GENERAL.—There is hereby imposed a tax  
4 on the sale or transfer of any specified sugar-sweetened  
5 beverage product by the manufacturer, producer, or im-  
6 porter thereof.

7           “(b) RATE OF TAX.—The rate of tax imposed under  
8 subsection (a) shall be equal to one cent per 4.2 grams  
9 of caloric sweetener contained in such specified sugar-  
10 sweetened beverage product.

11          “(c) PERSONS LIABLE FOR TAX.—The manufac-  
12 turer, producer, or importer referred to in subsection (a)  
13 shall be liable for the tax imposed by such subsection.

14       **“SEC. 4172. DEFINITIONS.**

15          “(a) SPECIFIED SUGAR-SWEETENED BEVERAGE  
16 PRODUCT.—For purposes of this part—

17           “(1) IN GENERAL.—For purposes of this part,  
18 the term ‘specified sugar-sweetened beverage prod-  
19 uct’ means—

20                   “(A) any liquid intended for human con-  
21 sumption which contains a caloric sweetener,  
22 and

23                   “(B) any liquid, or solid mixture of ingre-  
24 dients, which—

1 “(i) contains a caloric sweetener, and

2 “(ii) is intended for use as an ingre-

3 dient in a liquid described in subparagraph

4 (A).

5 “(2) EXCEPTIONS.—The following shall not be

6 treated as liquids described in paragraph (1)(A):

7 “(A) Any liquid the primary ingredients of

8 which are milk or soy, rice, or similar plant-

9 based milk substitute.

10 “(B) Any liquid composed entirely of one

11 or more of the following:

12 “(i) The original liquid resulting from

13 the pressing of fruit or vegetables.

14 “(ii) The liquid resulting from the re-

15 constitution of fruit or vegetable juice con-

16 centrate.

17 “(iii) The liquid resulting from the

18 restoration of water to dehydrated fruit or

19 vegetable juice.

20 “(C) Infant formula.

21 “(D) Any liquid products manufactured for

22 use as—

23 “(i) an oral nutritional therapy for

24 persons who cannot absorb or metabolize

25 dietary nutrients from food or beverages,

1                   “(ii) a source of necessary nutrition  
2                   used due to a medical condition, or

3                   “(iii) an oral electrolyte solution for  
4                   infants and children formulated to prevent  
5                   dehydration due to illness.

6                   “(E) Any liquid with respect to which tax  
7                   is imposed under chapter 51 (relating to dis-  
8                   tilled spirits, wines, and beer) or under section  
9                   7652 by reason of the tax imposed under chap-  
10                  ter 51 being imposed on like articles of domes-  
11                  tic manufacture.

12                  “(b) CALORIC SWEETENER.—For purposes of this  
13                  part, the term ‘caloric sweetener’ means monosaccharides,  
14                  disaccharides, and high-fructose corn syrup.

15                  **“SEC. 4173. SPECIAL RULES.**

16                  “(a) SWEETENER TAXED ONLY ONCE.—In the case  
17                  of any specified sugar-sweetened beverage product which  
18                  is manufactured or produced by including one or more  
19                  other specified sugar-sweetened beverage products, no tax  
20                  shall be imposed under this section on any caloric sweet-  
21                  ener contained in the resulting specified sugar-sweetened  
22                  beverage product if tax was previously imposed under this  
23                  section on such caloric sweetener when contained in the  
24                  specified sugar-sweetened beverage product so included.

1       “(b) INFLATION ADJUSTMENT.—In the case of any  
2 sale after December 31, 2015, the one cent amount in sec-  
3 tion 4171(b) shall be increased by an amount equal to—

4               “(1) such amount, multiplied by

5               “(2) the cost-of-living adjustment determined  
6 under section 1(f)(3) for the calendar year in which  
7 such sale occurs, determined by substituting ‘cal-  
8 endar year 2014’ for ‘calendar year 1992’ in sub-  
9 paragraph (B) thereof.

10 Any increase determined under this subsection shall be  
11 rounded to the nearest multiple of one-tenth of a cent.”.

12       (b) CONFORMING AMENDMENTS.—

13               (1) Section 4221(a) is amended by adding at  
14 the end the following: “Paragraphs (1), (4), (5), and  
15 (6) shall not apply to the tax imposed under section  
16 4171.”.

17               (2) The table of parts for subchapter D of  
18 chapter 32 of such Code is amended by inserting  
19 after the item relating to part I the following new  
20 item:

                                  “PART II—SUGAR-SWEETENED BEVERAGES”.

21       (c) REVENUES USED FOR PREVENTION, TREAT-  
22 MENT, AND RESEARCH OF DIET-RELATED HEALTH CON-  
23 DITIONS IN PRIORITY POPULATIONS.—

24               (1) TRANSFER TO PREVENTION AND PUBLIC  
25 HEALTH FUND.—There are hereby appropriated to

1 the Prevention and Public Health Fund created  
2 under section 4002 of the Patient Protection and  
3 Affordable Care Act (in addition to any other  
4 amounts appropriated to such Fund) amounts equiv-  
5 alent to taxes received in the Treasury under part  
6 II of subchapter D of chapter 32. Rules similar to  
7 the rules of section 9601 of the Internal Revenue  
8 Code of 1986 shall apply with respect to amounts  
9 appropriated under this paragraph.

10 (2) RESTRICTION ON USE OF FUNDS.—Not-  
11 withstanding subsections (c) and (d) of section 4002  
12 of the Patient Protection and Affordable Care Act,  
13 amounts appropriated to the Prevention and Public  
14 Health Fund under paragraph (1) may be trans-  
15 ferred to accounts in the Department of Health and  
16 Human Services only for the purpose of making ex-  
17 penditures for programs and research designed to  
18 reduce the human and economic costs of diabetes,  
19 obesity, dental caries, and other diet-related health  
20 conditions in priority populations (within the mean-  
21 ing of section 901(c) of the Public Health Service  
22 Act).

23 (d) EFFECTIVE DATE.—

24 (1) IN GENERAL.—Except as provided in para-  
25 graph (2), the amendments made by this section

1 shall take effect on the date of the enactment of this  
2 Act.

3 (2) EXCISE TAX.—The amendments made by  
4 subsections (a) and (b) shall apply to sales after the  
5 date of the enactment of this Act.

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