Testimony Before the Maryland State Legislature

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Hello and thank you for the opportunity to testify today as you consider a Soda Tax for Maryland. My name is Marisa Waxman, and I served as the City of Philadelphia's First Deputy Revenue Commissioner during the implementation of the Philadelphia Beverage Tax which launched in January 2017 and was Philadelphia's Budget Director from 2019 to 2023. Presently, I am the Executive Director of the Pennsylvania Intergovernmental Cooperation Authority, an independent state authority charged with fiscal oversight of the City of Philadelphia.

I am here to share Philadelphia's experience with implementing a local beverage tax—commonly referred to as the soda tax—and to address any concerns about its fiscal and economic impact.

Philadelphia enacted its beverage tax in 2017, a 1.5-cent-per-ounce levy on sugar-sweetened and artificially sweetened beverages, with revenues dedicated to pre-K education, community schools, and improvements to parks, recreation centers, and libraries. From the outset, there were concerns that the tax would be difficult to implement, that it would lead to significant job losses, or that it would fail to generate adequate revenue. I want to be clear: those concerns did not materialize.

From a fiscal standpoint, all taxes have some impact on underlying activity and new taxes can be difficult to predict. Even with these universal challenges, the Philadelphia Beverage Tax has been a reliable revenue source. In its first full year, the tax generated approximately $78 million. Since then, collections have remained stable, even as consumption patterns adjusted. With ongoing education and enforcement, the tax continues to generate roughly $70 million per year and is one of Philadelphia's most accurately predicted revenue streams. Importantly, the revenue stream has allowed the city to make critical investments in early childhood education and community facilities.

Economically, while opponents predicted major declines in retail sales and beverage industry job losses, Philadelphia did not see evidence of widespread harm. Overall retail employment in the city remained steady, and studies have shown that while some consumers did adjust their purchasing habits—either by buying different products or making occasional purchases outside the city—these shifts were not enough to disrupt the local economy. Businesses and households adapted, and the city's broader economic health was unaffected.

Perhaps most importantly, the public benefits of the tax have been significant. Thousands of children have gained access to quality pre-K, supporting working families and improving long-term educational outcomes. The city has revitalized parks and recreation centers, creating safer and healthier spaces for residents. These investments have tangible, lasting impacts that far outweigh the modest changes in purchasing behavior the tax may have influenced.

Maryland is considering a similar path, and I understand that policymakers want to be sure this policy will work as intended. Based on Philadelphia's experience, I can confidently say that a well-structured beverage tax is a viable revenue source that supports critical public investments without unduly harming the economy. I urge you to consider the real-world evidence from Philadelphia as you move forward in your deliberations.

Thank you for your time, and I'm happy to answer any questions.