



*Advocating the views of convenience stores, supermarkets,
independent grocers, wholesalers and consumer product vendors.*

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Food Retailers Prepare for the Impact of Philadelphia's New Beverage Tax

Philadelphia — Retailers are expecting many angry customers once the Philadelphia Beverage Tax, spearheaded by Mayor Jim Kenney, takes effect on January 1. The 1.5 cents per ounce tax will cause many products to double in price, putting a financial strain on many consumers.

“Items such as juice drinks, sodas, teas, sports drinks and fountain sodas will no longer be affordable for many Philadelphia residents,” said David McCorkle, PFMA president and chief executive officer. “This unfair tax will really hurt Philadelphia consumers, who are already challenged to pay for groceries.”

Nearly 4,000 products will be subject to the tax. For example, a gallon of Turkey Hill Lemonade will go up from \$2.68 a gallon to \$4.60 a gallon, and a 64 oz. bottle of Ocean Spray Cranberry Juice will increase from \$2.68 to \$3.70.

The tax is assessed on product distributors, who will have no choice but to increase the price of the products. Food retailers already operate on slim margins and will have to pass the product increase on to consumers.

“Our members expect to lose business due to this tax,” said McCorkle. “Consumers are going to leave the city to buy their groceries. It will mean lost customers and business for city retailers and could leave them with tough decisions to layoff employees or even close.”

Despite concerns and protests by citizens, beverage manufacturers, retailers and unions, Philadelphia City Council passed the country's first broad-based beverage tax in June. PFMA members joined the beverage industry in a lawsuit against the City of Philadelphia in September, challenging its authority to implement a new tax, since Pennsylvania already has a soft drink tax. This month, a judge dismissed the case disagreeing with all the points in the suit. The industry plans to appeal, but in the meantime, retailers are moving forward with the tax requirements.

“Our retailers will comply with the tax, but they are very concerned about the impact it will have on the communities they serve,” McCorkle said.

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The Pennsylvania Food Merchants Association, a statewide trade association, advocates the views of more than 800 convenience stores, supermarkets, independent grocers, wholesalers and consumer product vendors. PFMA members operate more than 3,500 stores and employ more than 150,000 Pennsylvanians. For more information on PFMA, visit www.pfma.org.

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