**TESTIMONY PRESENTED TO:**

**The Honorable Scott Wagner, Chair**

**Senate Local Government Committee**

**The Honorable John Blake, Chair**

**Senate Local Government Committee**

**Committee Members:**

**The Honorable James Brewster**

**The Honorable Michele Brooks**

**The Honorable John Eichelberger**

**The Honorable Vincent Hughes**

**The Honorable Scott Hutchinson**

**The Honorable Wayne Langerholc**

**The Honorable Scott Martin**

**The Honorable Thomas McGarrigle**

**The Honorable Judith Schwank**

**and The Honorable Senator Anthony Williams,**

**who requested the public hearing**

**BY:**

**David McCorkle, President**

**Pennsylvania Food Merchants Association**

**PHILADELPHIA CITY HALL**

**FRIDAY, JUNE 23, 2017**

**TESTIMONY OF THE PHILADELPHIA BEVERAGE TAX PRESENTED ON BEHALF OF THE MEMBERS OF THE PENNSYLVANIA FOOD MERCHANTS ASSOCIATION**

**BY**

**DAVID MCCORKLE, PRESIDENT**

Thank you for the opportunity to share the comments about the passage of the Philadelphia Beverage Tax in June 2016 and the import of the taxation beginning on January 1, 2017.

The Pennsylvania Food Merchants Association is a statewide trade organization advocating the views of nearly 800 food retailers in the Commonwealth who operate more than 3,200 retail food stores, including many in Philadelphia. (Do we know how many in Philadelphia?) The retail food industry contributes to the overall economic health of the city, and city residents depend on it to supply affordable good and services to them every day.

Comments on the Beneficiaries

Attached for your information is a summary of how beverage tax funds will be spent. The document was published in 2016 based on information from the Mayor’s office. The funding plan is evolving and I am sure that a new plan is forthcoming in light of real revenue shortfalls for the initial five months of taxation.

The food industry, from retailers to the farm community, supports the expansion of Pre-K services, funding for education from K-12, financial support for rebuilding Philadelphia and improvement of parks and recreation programs that make up about 73% of the 2016 funding plan. However, the tax is falling far short of anticipated collection as demonstrated by City Controller Alan Butkovitz’s recent report (see attached) and if it continues, will stop food store development in Philadelphia. The result will be store closings, job losses and the loss of convenient city shopping locations where healthy and affordable food will be available.

Projected Impact on Philadelphia’s Food Sales

Since the implementation of the Pennsylvania Fresh Food Financing Initiative in 2003 the public and private investment in food store development has exploded. Over 50 new stores have opened, neighborhoods have changed and employment expanded. The average supermarket provides more than 200 full-time jobs for individuals often hired from the immediate area. In 2016/17 the following stores (many in development stages for years, others re-opened after Pathmark and Super Fresh collapsed) opened:

Wyncote Fresh Grocer Monument Road Fresh Grocer

Grays Ferry Fresh Grocer 69th Street Fresh Grocer

3rd & Oregon ShopRite Chelten Market

Washington Lane Save-a-Lot Glenolden ShopRite

Had the current owners of those stores known that the Philadelphia Beverage Tax would pass in 2016, I don’t believe any of these stores would have opened. Today an ACME Market is opening at 29 Snyder Avenue in South Philadelphia. Testimony ~~today~~ from PFMA’s chairman Jeff Brown and the Fresh Grocer Executive Vice President Grant McLoughlin will provide insight into how the new locations are doing and what the future will bring if this tax continues. Testimony from Daniel Grace, Secretary/Treasurer of Teamsters Local 830, and union members will document the devastating impact of the tax on beverage industry associates.

The Impact of the Tax on Philadelphia Families

Philadelphia has the highest percentage of poverty of any major city in America. About 25% of Philadelphians receive SNAP (Supplemental Nutrition Assistance Program) benefits and use that and other federally and state funded assistance programs to put food on the family table. Most recipients are elderly, disabled or children.

City Council members and Mayor Kenney know~~s~~ that the tax is regressive and discriminating. In addition, it may violate federal SNAP regulations that are enforced by USDA (see attached letter).

It is the role of the Mayor and City Council leaders to work with members of the Senate Urban Affairs Committee, Governor Wolf and the members of the House of Representatives ~~that~~  to identify sustainable funding sources for programs that we all support like Pre-K.