



Voters, Lawmakers Reject Beverage Taxes

Across the country, voters and lawmakers are rejecting beverage taxes, instead favoring more comprehensive budget solutions. In many cases, members of the Coca-Cola Civic Action Network have personally called and written legislators to express their concerns about beverage taxes.

>> New Yorkers Stop Beverage Tax

In March, New York Governor David Paterson, Senate Majority Leader Malcolm Smith and Assembly Speaker Sheldon Silver announced that an 18 percent tax on sparkling beverages, enhanced waters and fruit juices would not be taken up in the New York state budget. Garnering international media coverage, Governor Paterson proposed the so-called "obesity tax," along with numerous other new taxes, in December as part of his budget mitigation measure due to the state's fiscal crisis.

To date, New Yorkers Against Unfair Taxes has managed an online petition gathering effort resulting in more than 7,100 New Yorkers and 138 businesses raising their opposition to the 18 percent tax on beverages. In addition, CAN members called their legislators to oppose the tax.

>> Mainers Fed Up with Taxes

By a vote of 64% to 36%, Maine voters rejected a new tax that would have increased the price of sparkling beverages, teas, sports drinks, beer,

wine and many other popular beverages through a \$4 a gallon tax on syrup and a \$.42 cents a gallon tax on "bottled beverages". A University of Maine economist had projected the tax would have cost Maine businesses and households tens of millions of dollars annually, and could have resulted in the loss of jobs in the local beverage industry.

For background, the Maine Legislature and Gov. John Baldacci enacted the new excise tax during the closing days of the 2008 Maine legislative session without seeking public input. The additional tax revenues were earmarked to fund the Dirigo Program, a health insurance program for the uninsured. The same legislation created a new 1.8% tax on paid health insurance claims.

The beverage industry, customers and allied businesses impacted by this new tax formed a bipartisan coalition called "Fed Up With Taxes" to support the repeal of the tax. "The coalition made up of Maine citizens, businesses, organizations and customers submitted a petition to the Secretary of State signed with more than 95,000 names, enough to force a statewide vote to

reject the \$40 million in new taxes on everyday beverages and healthcare claims," said Matt Echols, director, Coca-Cola North America Government Relations.

>> MA Governor Proposes Ending Candy And Sparkling beverage Sales Tax Exemption

As part of a package of emergency cuts and tax hikes to shore up the state's ballooning budget deficit, Massachusetts Gov. Deval Patrick has proposed eliminating the sales tax exemption on candy and sweetened beverages, including sparkling beverages, according to *The Boston Globe* in Boston, Mass. If the legislature adopts the measure, a 5 percent tax would be added to candy and sparkling beverage purchases. Coca-Cola North America Government Relations is working with the American Beverage Association, Massachusetts Beverage Association, and other in-state allies to defeat these measures included in the Governor's proposed budget.

[continued on page 4](#)

New Poll Says Americans Strongly Oppose Sparkling Beverage Tax

A new nationwide Rasmussen Reports survey showed that 70 percent of Americans oppose a national tax on all non-diet sparkling beverages, while only 18 percent supported the idea of an "obesity tax" on regular sparkling beverage like the one proposed by New York Gov. David Paterson. This national sentiment echoes the opinion of a strong majority of New York residents who also opposed Gov. Paterson's proposal to tax dozens of non-alcoholic beverages like regular sparkling beverage, juice drinks and tea.

"The survey underscores that Americans, who already are struggling to keep their jobs and pay for groceries, fear that more taxes on middle-class life only will increase their financial burden and put

even more jobs at risk during a time of record job losses," said Kevin Keane, senior vice president of the American Beverage Association.

"In an economy like this, the last thing government should be doing is raising taxes on the middle class," Keane said. "Americans are making it clear that they have no appetite for taxing the everyday products they enjoy, especially in the middle of a recession. Nor do they want more jobs put at risk in their communities."

The non-alcoholic beverage industry directly employs 220,000 people across the nation and an additional tax on these products could jeopardize thousands of them. Specifically in New York, if

Gov. Paterson's proposed tax were to take effect, an estimated 6,100 New Yorkers would lose their jobs because of it.

Publicly released surveys of New York residents conducted by Quinnipiac University and Siena College all have come to the same conclusion that New Yorkers strongly opposed the proposed 18 percent sales tax hike on beverages. The Quinnipiac poll actually showed opposition grew between December and January.

Regressive Taxes Harm Jobs, Economy



Like states and municipalities across the country, the new Congress is looking for more federal revenue, and some suggest it is poised to deal with that budgetary dilemma by passing on taxes directly to consumers—a move that would impact jobs in local communities around the country. An excise tax on sugar-sweetened beverages is among the 115 financing options presented in the report. CBO estimates a federal excise tax of 12% would generate over \$24 billion over the 2009-2013 or \$50 billion over the 2009-2018 periods. The report suggests such taxation would reduce consumption of some beverages and would therefore lead to reductions in government revenue over time. Likewise, The Rudd Center for Food Policy and Obesity at Yale University recently released a report summarizing policy recommendations largely in support of taxing sparkling beverages as a revenue source.

What's more, the self-proclaimed food advocacy group, The Center for Science in the Public Interest (CSPI), is pushing its agenda of more government regulation and higher taxes on food and beverages again. CSPI is calling for a federal tax of over 20% on sparkling beverages as a way to discourage sparkling beverage consumption. Michael Jacobson, executive director, CSPI, claims sparkling beverages are the only beverage or food linked to a greater risk of obesity. CSPI urges the federal government to remove sparkling beverages from schools, install millions of water fountains across the country, and require warning labels on sparkling beverage containers.

CAN members are encouraged to oppose these single-focused tax proposals in states across the country and in our nation's capital. Please consider calling your federal lawmakers regarding this unfair and regressive tax proposal. By entering your zip code on the following web page you will be able to find contact information for your specific legislators: <http://www.congress.org/congressorg/directory/congdir.t>

Recycling Takes Center Stage in Legislatures

Across the US, lawmakers are promoting initiatives to promote recycling and reduce waste. In New Mexico, for example, legislators created a litter control and beautification fund for counties and municipalities to develop and implement recycling programs by 2010. Coca-Cola supports this approach, which enables local communities to make decisions about recycling and pursue comprehensive programs.

Unlike New Mexico, some states continue to pursue 20th-century style deposit systems—despite letter writing campaigns from CAN members calling for more comprehensive solutions. In New York, the legislature passed a final budget bill that includes provisions expanding its forced deposit program. Water, flavored water and nutritionally-enhanced flavored waters (not containing sugar) will be subject to the state's 5-cent deposit effective June 1, 2009—currently, the deposit is on sparkling beverages only. The state also will seize 80% of the unclaimed deposits; distributors will be allowed to keep the remaining 20% to offset the costs of running the bottle bill. The seizure will be retroactive to April 15 [from January 1] and will include the expanded containers June 1.

In addition, the handling fee will increase from 2 cents to 3.5 cents and the state will require



a specific UPC code for New York deposit containers. The total cost to our industry of all of these provisions is \$233 million per year.

Connecticut's legislature also passed a state budget bill, which included expansion of the state's existing bottle deposit law to include bottled, flavored, and enhanced waters and other beverages labeled as water. The expansion to water becomes effective on April 1, 2009.

The new law requires bottled water in glass or plastic containers of 3 liters (approximately 100 ounces) or less to be labeled with "CT 5¢" and, starting April 1, 2009, deposits must be collected and refunded by dealers. The law provides that retail inventory prior to April 1, 2009, is exempt from the new deposit fee.

Coca-Cola Supports Exercise is Medicine Campaign to Help Consumers Get Active

Did you know that 40 percent of U.S. adults—82.5 million people—are physically inactive which can lead to a variety of chronic diseases and health complications, such as obesity, diabetes and high blood pressure? That's why, Coca-Cola partnered with the American College of Sports Medicine (ACSM) to support Exercise is Medicine (EIM), an initiative that urges people to get off the couch and get active.

When the campaign first launched in November 2007, it called upon physicians to record physical activity as a vital sign, the same way that blood pressure and height are recorded at each checkup during patient visits. EIM urged physicians to advise able patients to participate in at least 30 minutes of physical activity and 10 minutes of stretching and light muscle training five days a week.

ACSM and Coca-Cola announced the availability of a Public Toolkit to help consumers stick with doctor's orders for physical activity. The toolkit includes step-by-step instructions for consumers to work with a doctor to determine the right dose of exercise. The kit helps patients to ask their doctor

to review their physical activity program during every comprehensive visit. It also includes national guidelines for physical activity, tips on starting an exercise plan and a self-assessment test to develop a customized physical activity plan.

"Since Exercise is Medicine's inception in 2007, more than 100 national medical, health, fitness and wellness associations and organizations have signed on to support the benefits of physical activity," said Celeste Bottorff, vice president, Living Well, Coca-Cola North America. "We hope that the Public Toolkit will be a valuable resource for consumers who are interested in safe, easy and least expensive ways of staying healthy—by exercising."

Exercise is Medicine is another example of the type of programs Coca-Cola supports designed to make a positive difference in the lives of our consumers and the communities we serve. A national media announcement, regarding the availability of the Public Toolkit was made on March 26, 2009, in conjunction with ACSM's annual meeting, which was held in Atlanta.

Coca-Cola Recycles More Than 200 Million Pounds in 2008

The Coca-Cola System helped to recycle more than 200 million pounds of material in 2008! This included 94 million pounds of PET bottles and 106 million pounds of aluminum cans throughout the U.S. This helps us get closer to our goal to recycle and reuse 100 percent of our bottles and cans in the marketplace. We are not there yet, but we have initiatives in place to help us achieve this goal. Here are a few of the many ways that we are supporting recycling.

>> Coca-Cola Recycling

From NASCAR races and the NCAA Final Four to the Democratic and Republican Conventions and the Country Music Awards, Coca-Cola Recycling created innovative collection programs for major events throughout the U.S. to recover bottles and cans for recycling and reuse. In 2008 Coca-Cola Recycling set up collection programs at 100 events in 56 cities to both collect recyclables and promote recycling behavior among consumers. Highlights include:

Coca-Cola Enterprises (CCE), established Coca-Cola Recycling (CCR) to recover and recycle the packaging materials developed and used by the Coca-Cola system. CCR has established 30 centralized recycling centers at CCE's major production facilities across the country.

>> Supporting Recycling Infrastructure

Coca-Cola built the world's largest bottle-to-bottle recycling plant in Spartanburg, S.C. The plant celebrated its grand opening in January 2009. The new plant has the capacity to produce 100 million pounds (46,000 tons) of recycled PET plastic—the equivalent of producing nearly two billion 20-ounce Coca-Cola bottles.

>> Give it Back Recycling Program

At the Democratic and Republican National Convention Coca-Cola launched a new look for our recycling activation focused on a theme called "Give it Back." The graphics and slogans promote recycling of used beverage containers and remind consumers to "Give Back" their used beverage containers so that they can be recycled into something new. The conventions mark the first market execution for this campaign but the campaign is being expanded to hundreds of college campuses throughout 2008-2009 to further promote recycling.

>> Support for Community Recycling Programs

Coca-Cola invested more than \$60 million to support recycling programs and infrastructure, including building the world's largest bottle-to-bottle recycling plant. Here are a few of our community-oriented initiatives:

- Coca-Cola has an investment in RecycleBank, an innovative recycling program that provides incentives to households for recycling. RecycleBank will serve 1 million households this year across the U.S.

- Coca-Cola has established long term contracts with recycling supply chain partners including Novelis and Alcoa to ensure that our recovered bottles and cans can be recycled and reused.
- With the National Recycling Coalition, we support a semi-annual recycling bin grant program. To date we have provided more than 5,700 recycling bins in 150 communities in 48 states and the District of Columbia.
- Coca-Cola supports the popular RecycleMania college recycling competition. In 2008 more than 400 schools collected more than 58 million pounds of recyclables over a 10-week period.

>> Sustainable Packaging

Our vision for our packaging is to no longer be seen as waste but as a valuable resource for future use. We are taking steps toward realizing this vision as we work to conserve natural resources and reduce greenhouse gas emissions across the entire life cycle of a package. Our plastic bottles and cans are not only 100 percent recyclable – including the caps on our PET bottles – they are among the most recycled in the U.S. The closures we use on bottles are 100% recyclable and highly recycled. They are predominantly made from polypropylene (PP) and high density polyethylene (hdpe). We specifically select these materials because they are compatible with recycling systems in the U.S.

For more information, visit www.livepositively.com



A Note of Thanks

Thank you for your participation in Coca-Cola's Civic Action Network. The Coca-Cola "CAN" is a non-partisan grassroots network that is made up of interested citizens and businesses.

We recognize the passion that many of our employees, shareowners, customers and consumers have for all aspects of our business, including legislative action. In many instances, our CAN members have played a significant role in shaping legislative matters that have an effect on The Coca-Cola Company and our bottlers – especially during this time of unprecedented tax threats on the beverage industry. We need your continued support to educate government officials about our business, facts about our beverages and our positive economic impact and commitment to local communities.

It is important to us that our CAN members remain well-informed on issues and opportunities that the Company is facing. In order to obtain current and more-detailed information on legislation that is pending in your area, please contact us at civicactionnetwork@na.ko.com

Again, thank you for your support.
-- Coca-Cola North America Government Relations



continued from page 1

>> FL Bottled Water Severance Tax -- A Bad Precedent

Florida Governor Charlie Crist is proposing a severance tax for water withdrawn in Florida for bottled water use, possibly as much as \$0.06 per gallon tax for water used to produce and bottled water, and would be applicable to bottlers regardless of whether the source is ground water or a municipal source water.

"It is unfair to single out one industry that is a very small user of water in Florida to finance programs that benefit all businesses and consumer using water," said Tom Lauria, IBWA's Vice President of Communications.

Coca-Cola and Florida's bottled water industry are at the forefront of relief efforts during natural disasters and other catastrophic events, such as hurricanes and floods. They are often the first responders to these events. The bottled water industry's philanthropy is contingent on a viable commercial market. These taxes would impact the bottlers' bottom lines and would impact their ability to donate product when its needed most.

Coca-Cola and the bottled water industry are willing to support efforts to fund worthy government projects on an equitable basis, as long as the programs are fair and equitable across the business community.



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civicactionnetwork@na.ko.com



Join Coca-Cola Supporters Online

Stay connected with Coca-Cola through these fun websites:

www.thecoca-colacompany.com – provides the latest information about The Coca-Cola Company.

www.livepositively.com – features information about key Coca-Cola initiatives, and also has information about ways you can get involved in local community causes.

www.facebook.com – if you have a Facebook account, join the Coca-Cola fan club, which is the largest consumer products site in the world with more than 3 million members.

www.mycokerewards.com – look under the caps on your favorite Coca-Cola product and enter the codes on this site to earn great prizes... or even donate your points to provide funds for schools in your community. And when you're finished entering your codes, be sure to recycle the containers!