

Here we go again.

Mayor Kenney is trying to reach into the pockets of ordinary Philadelphia families to help pay for a vast, \$1 billion expansion of city government.

If you're feeling a sense of déjà vu, that's because this is the third time in six years that a Philadelphia mayor has pursued a grocery tax to fund city programs.

The previous two times, a broad-based coalition that included small business owners, labor and more than 30,000 ordinary Philadelphians banded together to reject this ill-considered proposal.

The same coalition is now coming back together to say that this tax is wrong for Philadelphia because it would hurt the most vulnerable Philadelphia families and cost jobs.

- Editor Craig Ey: Keeping an open mind on soda tax

The mayor's proposal, which would levy a 3-cent per ounce tax on sugar sweetened beverages, would increase the cost of a 2-liter bottle of soda by \$2.04. Think about that: The proposed tax rate is so high that consumers would be forced to pay more in taxes than they would for the product itself.

If implemented, this tax would hit Philadelphians in every aspect of their lives – making it more expensive to grab a bite at a convenience store, go to the movies or catch a Phillies game

Even more damaging, it would raise grocery costs for poor Philadelphians. While wealthier Center City residents would begin driving over the Ben Franklin Bridge to shop in Cherry Hill to avoid this onerous levy, poor families in Hunting Park who don't own a car will be stuck paying vastly higher prices for common household goods.

At the same time, this proposal would cost jobs – from the Teamsters who transport these products to stores and small businesses that rely on drink sales to make ends meet. Stores in “food deserts,” - neighborhoods without a full-service grocery store-, operate on small margins and will not be able to absorb this drastic new tax burden – especially after weathering substantial property tax and sales tax hikes in recent years.

These jobs often provide ladders of opportunity for entire families in some of Philadelphia's poorest neighborhoods to enter the middle class. Both small businesses and poor Philadelphia families are already contending with recent gas rate increases, as well as a proposed 11-percent water rate hike. If Mayor Kenney wants to follow through on his campaign promise to invest in our neighborhoods, then he should support these business owners – not punish them.

- Experts, business community at odds on Kenney's soda tax

Kenney is proposing an ambitious first-year agenda. But important proposals like expanding universal pre-Kindergarten programs and rehabilitating dilapidated fire houses and police stations should not rely on such an unstable funding source as a tax on basic groceries.

As corner stores and bodegas across Philadelphia close their doors and middle class Philadelphians shift their buying patterns to the suburbs and South Jersey because of this tax burden, it is difficult to believe that the City would raise the \$400 million over five years that is needed to properly fund Mayor Kenney's initiatives.

In fact, the mayor's own budget proposal acknowledges that consumption is expected to drop if this tax is imposed, resulting in declining revenue over time.

Early estimates suggest that tax collections will fall more than \$120 million short, putting these programs in jeopardy.

Much of Mayor Kenney's budget proposal rests on the city issuing a series of bonds to cover capital improvements in city-owned buildings and in parks and recreation facilities. These bonds would be guaranteed by revenue raised from this proposed tax on Philadelphian's beverages. But the municipal bond market may feel exceedingly uncomfortable underwriting debt backed by such an unstable and untested revenue source.

Instead, the mayor should look to tried-and-tested revenue sources that will support these important programs for years to come.

He might start by tackling the city's broken tax collection process. Philadelphia's real estate values should be properly and regularly reassessed to capture growth in the city's tax base. This is standard practice in other cities and would enable the city to take advantage of Philadelphia's ongoing real estate boom.

Mayor Kenney should also begin aggressively pursuing tax delinquents, who collectively owe the city a staggering \$1.17 billion in back taxes, interest and penalties. Why should Philadelphia families have to pay more when the city is leaving so much money on the table?

We are confident as the mayor's proposal is thoroughly vetted by City Council in the coming months, the flaws underlying this regressive tax plan will become clear. Ordinary Philadelphians have said time and again that this tax is unfair to families, and we are confident that their voices will prevail.

Alex Baloga is Vice President of External Relations for the Pennsylvania Food Merchants Association, a statewide organization representing more than 3,300 grocery and convenience stores employing more than 150,000 workers.