

Could a meat tax cure all?



David M. Kall | Thursday, December 21, 2017

In [Soda Taxes as a Legal and Social Movement](#), posted on Dec. 8, 2017, two professors at the Northwestern University Pritzker School of Law consider whether the relatively limited phenomenon of soda taxes is actually becoming increasingly common, like local smoking restrictions, or whether taxes on sugar consumption will remain outliers. The pair focus on two obstacles to widespread adaptation:

1. Policy-based objections to the taxes as regressive and unduly paternalistic.
2. State preemption of local taxes, often achieved at the behest of the beverage industry.

With respect to policy objections, in our Oct. 19, 2017 [piece](#) addressing a soda taxing effort proceeding in Oregon, we noted that opposition there stems, in part, from the regressive nature of the tax, which is exacerbated when wealthier people buy their sugary beverages outside the city limits, thus avoiding the extra cost.

In that article, we also pointed to the litigation in Illinois that was rendered moot when the Finance Cook County Board of Commissioners voted to repeal its beverage tax just two months after it took effect on Aug. 2, 2017. The repeal language stated that “it has becoming increasingly clear that this is a regressive tax which will cause immediate and irrevocable hardship to businesses in Cook County and put those businesses in competitive disadvantage to businesses nearby.”

With respect to the second consideration, preemption, Michigan offers a recent example where a state precludes a local tax through state legislation. In our Nov. 2, 2017 [article](#), we explained that in late October,

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Gov. Rick Snyder signed a measure into law that reads as follows:

Except as otherwise provided by federal law or a law of this state, a local unit of government shall not do either of the following:

- a. Impose an excise tax on the manufacture, distribution, wholesale sale, or retail sale of food for immediate consumption or nonimmediate consumption.
- b. Enact, enforce, or administer any ordinance, regulation, resolution, policy, rule, or directive imposing a tax or fee on the manufacture, distribution, wholesale sale, or retail sale of food for immediate consumption or nonimmediate consumption.

Indeed, the Northwestern law professors asserted that “the principal risk of preemption vis-à-vis soda taxes does not come from the state courts...but rather from state statutes that expressly, unequivocally preempt such taxes. In almost all states, such express preemption would be considered lawful by the courts and would be effective in depriving localities of the power to impose taxes on soda.”

Carbon taxes are another example of how states are trying to goose their budgets while also accomplishing one or more policy objectives. In the November 2016 election, the state of Washington tried, and failed, by way of a ballot initiative, to impose the nation’s first ever carbon emission tax on the sale or use of certain fossil fuels and fossil-fuel-generated electricity. This did not deter Connecticut from introducing legislation in January of this year, [Raised Bill No. 7247](#), to impose its own fee on fossil fuels. Dozens of people and entities submitted testimony for the public hearing that was held in March. Since then, the bill has gone nowhere.

Now, there is chatter about a meat tax, which, in some ways, is a hybrid of soda and carbon taxes, because it is aimed at improving public health *and* combating climate change. A Dec. 15, 2017 article in [The Atlantic](#) cites a preliminary [report](#) from the private-equity firm Collier Capital, which predicts that “a tax on meat is becoming ‘increasingly probable.’” The report claims that “[n]ew investor research warns [that the] Paris Agreement [is] likely to subject meat to similar taxes as sugar.”

Looking to a policy white paper entitled [The Livestock Levy](#), Collier contends that “the growing evidence of the meat industry’s harmful impacts on both human health and the environment make the imposition of a ‘behavioural (or sin) tax’ on meat products increasingly likely if countries are to fulfill their commitments to the Paris Agreement. Countries including Denmark and Sweden have already debated a meat tax.”

According to the executive summary of the Livestock Levy white paper, “[m]eat taxes are already on the agenda in Denmark, Sweden and Germany, and although no proposals have advanced into actual legislation, long-term investors should take note of the compelling arguments being made, especially in Denmark and Sweden. It was in the Nordics that the first carbon tax was introduced in 1990.”

Collier concedes that “[m]eat taxation is not a short-term risk for investors. Yet large pension funds and asset managers would be remiss not to put it on their agenda. As the international community works to implement the Paris Agreement and the UN Sustainable Development Goals, governments and other international institutions will need to create a pathway to a more sustainable global food system – meat taxation may well feature on that road.”

Here in the U.S., no one is talking about taxing meat yet, and the Paris Accord is not an issue, at least for now. What is more, our federal government subsidizes meat. But [The Atlantic](#) article suggests, perhaps implausibly, that Americans might tolerate a meat tax as a way to protect personal liberty, in contrast to soda taxes, which some see as an infringement on their freedom: “[t]he average U.S. citizen consumed more than 200 pounds of meat this year, more than twice the global average and nearly twice as much as Americans did in 1961.” The establishment of a meat tax would not make “[e]ating that way...illegal, but people who choose to do it would have to pay for the imposition of their choices on others.”

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Another issue, given the amount of meat consumption in the U.S., is the appeal of the revenue that a tax on it could generate. Thus, it is “an idea that could be part of not just health and climate debates, but economic conversations in decades to come.” Ultimately, *The Atlantic* declares, “[h]ere comes the meat tax. Paying more for environmentally harmful foods may be inevitable.”

Time will tell.



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