

MEATLESS CITIES

A Workshop on How Cities Can Help Lead the Transition to a Plant-Forward Food System

Session 1

Economic Incentives

June 15, 2021 | 12:30 – 1:30 PM

POLICY OPTIONS

Economic incentives can be highly effective in influencing consumer behavior. Despite this, there is little precedent for cities using economic incentives to encourage a shift towards plant-based diets. In this session, we will explore whether cities can develop new economic incentives to discourage meat consumption and what form these incentives should take.

Taxes on Meat and Animal-Based Food Products. No U.S. cities have enacted taxes on meat or animal-based food products, and while such taxes have been considered in Denmark, Germany and Sweden, none have been enacted. Similarly, the United Kingdom has considered carbon taxes targeting meat and other animal-based food products, without success. However, similar “sin taxes” have been imposed on soda or sugar-sweetened beverages in Albany (CA), Berkeley (CA), Boulder (CO), Oakland (CA), Philadelphia (PA), San Francisco (CA), and Seattle (WA).

Funding and Tax Incentives. Cities might choose to condition the provision of certain funding on recipients meeting certain standards aimed at encouraging a reduction in meat consumption. Similarly, cities might choose to provide tax incentives to entities which demonstrate a commitment to encouraging a shift towards plant-based diets, such as restaurants and other private businesses. Cities might also opt to exclude certain plant-based food items from sales taxes as a means of influencing consumer behavior.

POTENTIAL CHALLENGES

Legal Challenges. U.S. cities considering economic incentives, particularly new taxes on meat or animal-based food products, would likely face significant legal, political, and practical hurdles. As a foremost consideration, state law limitations on local governments’ taxation authority may restrict cities’ ability to tax. In these cases, prior state approval is required before cities may enact new taxes, presenting a significant barrier where state and local priorities do not align. While cities have greater authority to impose fees, they may still be restricted in how the revenues from a fee program are used.

Moreover, a handful of states, including Arizona, California, Michigan, and Washington, have passed preemption statutes severely limiting cities’ authority to impose new taxes or fees on food items or expressly prohibiting their imposition. These statutes may prohibit cities from imposing new taxes, fees, or assessments on any “groceries,” including meat and animal-based food products, or may prohibit selective taxes, fees, or assessment on specific food items.

Other Challenges. Importantly, charges on meat or animal-based food products pose the risk of disproportionately impacting low-income communities. Imposing additional charges would likely increase costs for those who spend a relatively higher proportion of income on food. Moreover, taxes or fees on animal-based food products may be politically unpopular and seen as unfairly restrictive government intrusions into personal freedom.

QUESTIONS FOR DISCUSSION

1. What do you consider the most promising opportunity to use economic incentives to reduce meat consumption?
2. Given the limited scope of many cities' authority to enact taxes absent prior state authorization, is there any basis for arguing that a charge on meat or other animal-based food products is a fee as opposed to a tax? How might a city structure such a fee program to withstand legal scrutiny?¹
 - a. Could a fee program be justified on the basis of increased costs to the city for addressing climate or health impacts? How might this impact how cities are able to use revenues generated by the program?
 - b. How can a fee program on meat or other animal-based food products be designed to avoid or mitigate adverse impacts on low-income communities?
3. Are there opportunities for cities to condition funding or provide tax incentives to reduce meat consumption?
 - a. Might cities face any obstacles in conditioning funding or providing tax incentives based on entities adopting standards?

¹ In general, cities have broader authority to impose fees than to impose taxes; however, there is no single legal test for distinguishing the two. As an example, New York courts look to a variety of factors, such as the purpose of the charge, where the money goes, and whether it is compulsory to pay the charge. A charge is more likely to be viewed as a tax if it raises money for the government, is paid to the general fund, and is required to be paid. A charge is more likely to be viewed as a fee if it covers the cost of a service that the government provides or the government's cost of administering a regulatory program; if the amount of the charge is based on the cost of the service or regulatory program to the government; and if the payment of the charge is voluntary.