



Pennsylvania Conference of Teamsters

Strength in Numbers 95,000

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LEGISLATIVE ACTION ALERT

Pa. Supreme Court upholds Philadelphia's controversial soda tax

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In a 4-2 majority opinion, the court found that the city of Philadelphia had not violated state law by taxing the distribution of beverages. Opponents of the tax had argued that the levy amounted to double taxation because it is passed down to consumers who already pay sales taxes.

Arguments in the case, heard by the Supreme Court in May, focused on a depression-era law known as the Sterling Act that allows the city to tax anything not already taxed by the state. Lawyers for a group of local businesses, consumers, and trade associations argued that the city had tried to get around state law by passing a tax on beverage distribution rather than sales.

The Supreme Court disagreed, siding instead with the city.

"The legal incidences of the Philadelphia tax and the Commonwealth's sales and use tax are different and, accordingly, Sterling Act preemption does not apply," Chief Justice Thomas G. Saylor wrote in the majority opinion.

Justices Max Baer, Debra Todd, and Christine Donohue joined Saylor in the majority. Justice David N. Wecht and Justice Sallie Updyke Mundy each wrote dissenting opinions. Justice Kevin M. Dougherty, who is from Philadelphia, did not participate in the case.

Teamsters maintain the tax has hurt businesses and workers, including drivers who deliver soft-drink products.

They've seen their livelihoods decline in tandem with beverage sales, said John Longstreet, president and CEO at the Pennsylvania Restaurant & Lodging Association.

A pending state bill would restrict local taxes on food and drinks.

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