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WHICH STATES TAX THE SALE OF FOOD FOR HOME CONSUMPTION IN 2009?

Forty-five states and the District of Columbia levy general sales taxes. Most of those states have eliminated, reduced, or offset the tax as applied to food for home consumption. The relief strategies include full or partial exemptions from the sales tax for food purchased for home consumption and credits or rebates to offset the food tax. Of the states with sales taxes:

- Thirty-one states and the District of Columbia exempt most food purchased for consumption at home from the state sales tax. South Carolina is the state that most recently eliminated its sales tax on food (effective November 1, 2007).
- Seven states tax groceries at lower rates than other goods; they are Arkansas, Illinois, Missouri, Tennessee, Utah, Virginia, and West Virginia.¹
- Five states — Hawaii, Idaho, Kansas, Oklahoma, and South Dakota— tax groceries fully but offer credits or rebates offsetting some of the taxes paid on food by some portions of the population. These credits or rebates usually are set at a flat amount per family member. The amounts and eligibility rules vary, but may be too narrow and/or insufficient to give eligible households full relief from sales taxes paid on food purchases.
- Two states continue to apply their sales tax fully to food purchased for home consumption without providing any offsetting relief for low- and moderate-income families. They are Alabama and Mississippi.

Local governments, which in many states levy their own sales taxes, usually exempt food if food is fully exempt at the state level. Major exceptions include localities in Arizona, Colorado, Georgia, Louisiana, North Carolina, and South Carolina. Grocery food purchases in those states are fully or partially exempt at the state level, but typically taxed at the local level.

For more details on food tax exemptions and credits, see Nicholas Johnson and Iris J. Lav, *Should States Tax Food? Examining the Policy Issues and Options*, Center on Budget and Policy Priorities, May 1998.

¹ Food sales tax rates in these states are as follows: Arkansas — 2 percent, Illinois — 1 percent, Missouri — 1.225 percent, Tennessee — 5.5 percent, Utah — 3 percent, Virginia — 2.5 percent, and West Virginia — 3 percent.

FIGURE 1

State Grocery Tax Provisions

