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Features

# The 'Food Tax': Grocery Tax by State

Most states don't have a 'food tax.' But these 13 states still tax groceries.



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BY [KATELYN WASHINGTON](#)  
LAST UPDATED 29 DAYS AGO

Adding a "food tax" to the already high cost of groceries places an extra financial burden on many families. According to the U.S. Department of Agriculture ([USDA](#)), 13.5 million U.S. households experienced food insecurity during the height of the pandemic. In some areas, the sales tax on groceries soars above 10%. That means some families are spending more than \$10 on sales tax for every \$100 of groceries they buy. And although most states have done away with the tax on groceries (at least at the state level), 13 states still tax food items.

*(Note: Local sales tax may apply to groceries in some states that have exempted groceries at the state level.)*

## 'Food tax': Why states tax groceries

Grocery taxes can provide significant revenue for states, which is often used (at least in part) to fund essential departments, such as education and transportation. Of the 13 states that still tax groceries, eight impose a reduced tax rate.

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- Some states offer a grocery tax credit that helps offset taxes paid throughout the year.
- Lawmakers in several states have introduced bills to reduce or eliminate taxes on groceries over the past few years.

Here are the states that still impose a statewide tax on groceries as of October 2023.

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## Alabama

[Alabama](#) still taxes groceries, but the state passed legislation that reduced Alabama’s grocery tax from 4% to 3%. The law went into effect on Sept. 1.

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In [Arkansas](#), the sales tax on groceries is reduced to 0.125%. This is the lowest tax rate of the states that tax groceries.

A [bill](#) to eliminate this "food tax" was introduced in March, but it never passed the Arkansas House or Senate.

## Hawaii

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Although [Hawaii](#) doesn't technically have a sales tax, the state does have an excise tax, which is passed to consumers and reflected in retail prices. This tax applies to groceries. The tax rate averages 4.44% in Hawaii, according to [Tax Foundation](#) data.

However, eligible residents may claim a Hawaii [grocery tax credit](#) to help offset the tax on groceries. There are several requirements for claiming the state's grocery tax credit, and federal adjusted gross income (AGI) is a factor. For the previous tax year, single filers with an AGI of \$30,000 or more (\$50,000 for joint filers) couldn't claim the credit.

## Idaho

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[Idaho](#) taxes groceries at the full 6% state sales tax rate. However, the state offers a grocery tax credit. The refund is \$100 (\$120 for residents 65 or older) for most Idaho residents, according to the [Idaho State Tax Commission](#).

Idahoans may also receive a credit for each qualifying dependent. Part-year residents may receive a partial tax grocery tax credit.

## Illinois

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Some [Illinois taxes increased in July](#), including the state's sales tax on groceries. The 1% reduced grocery tax rate was suspended for an entire year, beginning on July 1 of last year.

The expiration of the grocery tax suspension came at a bad time for many state residents since Illinois increased its already high gas tax the same day along with a number of other [states that increased gas taxes on July 1](#).

## Kansas

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[Kansas](#) still taxes groceries, but the state is gradually reducing the tax until it's completely eliminated in 2025. The first reduction went into effect in last year.

The [Kansas grocery tax](#) is now 2% (reduced from 4%), but this reduction does not apply to local tax rates.

## Mississippi

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Efforts to reduce the state's income tax have been more successful. As a result, some Mississippians will [pay less income tax](#), starting this year.

## Missouri

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[Missouri](#) is another state with a reduced tax on groceries. The state imposes a 1.225% tax, but cities and counties can charge their own sales tax rates.

Local tax rates alone can exceed 8% in some areas of the state, according to the [Tax Foundation](#).

## Oklahoma

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The statewide sales tax in [Oklahoma](#) is 4.5% and so is the tax on groceries since the state doesn't offer a reduced tax on food items.

Some Oklahoma lawmakers pushed to reduce the grocery tax during the 2023 legislative session, but that session has now ended, and the state's tax on groceries remains unchanged.

## South Dakota

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A four-year "tax holiday" reduces South Dakota's sales tax rate, including the tax on groceries, from 4.5% to 4.2%. This temporary tax cut took effect on July 1.

Some [South Dakota](#) lawmakers want to repeal the state's grocery tax, but that hasn't happened yet.

## Tennessee

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[Tennessee](#)'s tax on groceries is 4%, which is less than the statewide tax rate of 7%. State residents received a three-month break from this tax, beginning on Aug. 1. Tennessee families were able to buy [tax-free groceries](#) until Oct. 31.

Candy and prepared food (heated or served with utensils) were not tax-exempt in Tennessee during the tax holiday.

## Utah

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Although the state's portion of the grocery tax is 1.75%, [Utah](#) residents are charged a 3% tax on groceries statewide. A bill passed by lawmakers would eliminate the 1.75% state portion of the tax.

However, for this change to take effect, voters would need to approve the measure in November 2024. Even if voters



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[Virginia](#) technically eliminated the 1.5% state sales tax on groceries in January, but localities still charge a 1% tax rate. So, residents in the commonwealth aren't completely off the hook.

Republicans previously proposed a bill that would end the local sales tax option on groceries, but efforts to eliminate the food tax at the local level have failed so far.

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