

# Grocery Tax

## Frequently Asked Questions (FAQs)

### ➤ WHAT IS THE GROCERY TAX?

In 1990, the State of Illinois introduced a standardized 1% tax on groceries as part of a statewide tax reform effort. Although the revenue was collected by the state, it was distributed to local governments, establishing a consistent and reliable funding source to support municipal operations and provide essential services.

### ➤ IS THIS A NEW TAX?

No, this tax has been in place for decades. The state is shifting the implementation of this revenue to municipalities, giving communities the ability to sustain this stable, long-term funding source for local programs and projects.

### ➤ WHY IS THIS REVENUE NOW A LOCAL DECISION?

Effective January 1, 2026, Illinois will no longer collect this revenue that has long provided essential funding to local governments under Public Act 103-0781. Now, municipalities face a critical decision: take action by October 1 to continue this vital funding source or risk losing it permanently. Municipalities must evaluate their community's specific needs and budget priorities to determine the best course forward.

### ➤ WHY CONTINUE THE GROCERY TAX?

The grocery tax is collected from everyone who shops in the community, including non-residents. This broader reach helps share the cost of funding local services, reducing pressure on revenues such as property taxes generated by residents alone. By investing local tax dollars back into the community, this revenue supports the day-to-day services residents rely on and allows local governments to meet community needs and plan for the future effectively.

Without this essential revenue, local officials would face difficult decisions, including seeking alternative funding sources or potentially reducing services. Choosing to continue this revenue is choosing stability—ensuring continued funding for the projects and services that communities depend on.



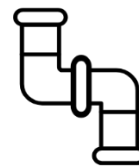
Public Safety



Snow Removal



Road Maintenance



Public Works



Parks & Recreation



Community Programs



Emergency Services



Code Enforcement



Environmental Services

### ➤ ARE OTHER MUNICIPALITIES CONSIDERING CONTINUING THE GROCERY TAX?

Yes. As of June 17, 2025, **225 municipalities** across Illinois have passed ordinances to continue the grocery tax locally, according to the Illinois Municipal League (IML).

