

- **Frequently Asked Questions (FAQ) on Grocery Tax in Illinois**

- **1. What is the grocery tax in Illinois?**

The grocery tax in Illinois refers to the 1% sales tax on groceries that has been in place since the 1990 sales tax reform. The 1990 reform eliminated state taxation on groceries but allowed for a 1% grocery tax distributed to local governments. It also standardized tax collection, preventing a patchwork of local grocery taxes administered independently by municipalities. The proceeds of the tax are distributed to local governments by the state.

- **2. When is the state grocery tax ending?**

The Illinois state grocery tax of 1% is set to be eliminated effective January 1, 2026, as per Public Act 103-0781, and provides municipalities the authority to enact a local sales tax on grocery items.

- **3. Will local governments impose their own grocery tax?**

As of February 2025, according to the Illinois Policy Institute, over 45 municipalities throughout the State have already passed an Ordinance to impose a local grocery tax to replace the state tax. Without this tax, local governments could face budget shortfalls. Downers Grove and Westmont both passed a 1% Grocery Tax Ordinance in February 2025 and additional municipalities in DuPage County are expected to establish this tax prior to January 1, 2026.

- **4. Do municipalities currently have the authority to impose grocery taxes?**

Under current law, municipalities do not have the authority to impose grocery taxes unless granted by state legislation. The new law allows municipalities to establish their own grocery tax up to 1%, starting in 2026.

- **5. Will consumers see a difference in grocery prices due to the new local grocery tax?**

NO, consumers are already paying the 1% state grocery tax. The local tax is simply replacing the state tax.

- **6. How will the revenue from the grocery tax be used?**

The Village of Lombard relies on the revenue from grocery taxes to help fund essential services such as police and fire departments, public works, and infrastructure projects.

- **7. What would happen if the Village of Lombard chose not to implement a grocery tax?**

If the Village does not implement a grocery tax, it will lose approximately \$1 million - \$1.3 million in annual revenue, potentially leading to budget cuts and reduced services.

- **8. How will the municipal grocery tax be collected?**

The Illinois Department of Revenue (IDOR) will administer and collect the municipal grocery sales tax on behalf of municipalities that enact it, ensuring a streamlined process for retailers.

- **9. How do municipalities enact a local grocery tax?**

To implement a grocery tax, municipalities must pass an ordinance and submit it to the state by October 1, 2025, to ensure it takes effect on January 1, 2026.