

## **Frequently Asked Questions (FAQ) on the Illinois Grocery Tax**

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

The grocery tax refers to the 1% sales tax on groceries that has been in place since 1990. In 1990, the State eliminated traditional sales taxes on groceries, replacing it with a 1% grocery tax distributed to local governments.

### **2. When is the State grocery tax ending?**

The Illinois State grocery tax of 1% is set to be eliminated effective January 1, 2026, per Public Act 103-0781. The Public Act allows municipalities to enact a local replacement grocery tax.

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

As of June 26, 2025, according to the Illinois Policy Institute, 219 municipalities throughout the State have already passed ordinances imposing local grocery taxes to replace the State tax. Without this tax, local governments could face budget shortfalls. Nearby communities of River Forest, Cicero, and Berwyn have passed the local replacement tax and additional municipalities are expected to do so.

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

Yes, the Public Act law allows municipalities to establish their own grocery tax up to 1%, starting January 1, 2026, when the State grocery tax ends.

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

**NO**, consumers are already paying the 1% Statewide grocery tax. A local replacement tax will simply replace the State tax.

### **6. How is grocery tax revenue used?**

The Village of Oak Park 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 Oak Park chose not to implement a local replacement grocery tax?**

If the Village does not implement a replacement grocery tax, the Village will lose approximately \$1.5 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.

### **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.