

LOCAL GROCERY SALES TAX AUTHORITY

During his State Fiscal Year (SFY) 2025 budget address delivered on February 21, 2024, Governor JB Pritzker announced his intent to eliminate the 1 percent state grocery tax. Revenue generated from the grocery tax was shared with counties and municipalities. The county share was based upon sales occurring within unincorporated areas of a county. The General Assembly approved legislation eliminating the tax, and the Governor signed it into law on August 5, 2024, as P.A. 103-0781. This ISACo *Policy Brief* informs county officials about the new law that also provides authority for counties and municipalities to impose the 1 percent grocery sales tax locally.

TIMETABLE FOR IMPLEMENTATION

Counties wishing to implement the local grocery sales tax effective on January 1, 2026, should work with their state's attorney's office to draft an enabling ordinance to ensure timely filing with the Illinois Department of Revenue (IDOR). It is recommended to do this promptly.

Before October 1, 2025, a certified copy of the ordinance authorizing local implementation of the grocery sales tax must be provided to IDOR and postmarked by October 1, 2025.

On January 1, 2026, the statewide grocery sales tax expires, and only county and municipal grocery sales taxes will be in effect.

Counties wishing to impose the tax beginning on January 1, 2026 (date the state tax expires), must submit a certified copy of their enabling ordinance by October 1, 2025. This will ensure no lapse in revenue collections from the tax.

Counties opting to wait until a later date to begin imposing the tax should be aware that ordinances sent to IDOR postmarked before April 1 will allow for collection to begin on July 1 of that same year. Ordinances postmarked after April 1 but before October 1 allow for collections to begin on January 1 of the following year.

Counties that choose to take no action will see the 1 percent grocery tax automatically repealed on January 1, 2026.

Questions concerning the grocery sales tax should be directed to IDOR. The IDOR Local Tax Allocation Division (LTAD) contact information is available on IDOR's website. The LTAD Division can also be contacted by phone at (217) 785-6518.

