

A photograph of a grocery store aisle with shelves stocked with various food items, including canned goods and dairy products. The image is slightly blurred, focusing on the text overlay.

Locally Imposed Grocery Sales Tax

BY ILLINOIS MUNICIPAL LEAGUE STAFF

August 13, 2024

The Illinois Municipal League (IML) played an integral role in securing the authority for both home rule and non-home rule municipalities to implement by ordinance a 1% locally imposed grocery sales tax (without need for referendum approval) following the elimination of the statewide grocery tax effective January 1, 2026.

While IML's preference was to maintain the status quo and for the tax to remain statewide, Public Act 103-0781 repeals the statewide tax on groceries. However, the authority to implement a 1% grocery sales tax locally by ordinance was approved as part of the same legislation.

IML advocated for a delayed implementation date of the statewide grocery tax repeal and the elimination of the Illinois Department of Revenue's (IDOR) administrative fees to collect and remit the tax, meaning municipalities will see no decrease or lapse in grocery tax revenue, if timely in implementing the tax locally.

The statewide tax will not be repealed until January 1, 2026; until then, nothing will change and no action will be necessary by municipalities. However, for those municipalities that wish to implement the tax locally on day one, there are important benchmarks to consider.

For municipalities, both home rule and non-home rule, that wish to implement a local grocery sales tax effective on January 1, 2026, the first step is to pass an authorizing ordinance. IML has developed a model ordinance that can be adopted locally, which is available on our website.¹ A certified copy of the ordinance must then be submitted to IDOR, postmarked by October 1, 2025, in order for the tax to be imposed beginning January 1, 2026. This will guarantee no lapse in revenues from this tax. Questions may be directed to IDOR regarding their processes and rules. IDOR Local Tax Allocation Division (LTAD) contact information is available on their website,² or contact LTAD by phone at (217) 785-6518.

If a municipality chooses to wait to implement a local 1% grocery tax at a later date, please keep in mind that ordinances authorizing a local tax must be sent to IDOR and postmarked before April 1 for collection to begin on July 1, or postmarked after April 1 but before October 1, for collections to begin January 1 of the following year.

If your municipality does not wish to impose the grocery tax locally after the statewide expiration, no action is required and the 1% grocery tax will be automatically repealed within your jurisdiction on January 1, 2026.

IML suggests you consult with your municipal attorney prior to considering the adoption of this model ordinance. More resources are available at iml.org/grocerytax.

IMPLEMENTATION TIMELINE

- **Now:** Municipalities that wish to implement the local grocery tax effective on January 1, 2026, should adopt IML's model ordinance now to ensure timely filing with the Illinois Department of Revenue.
- **Prior to October 1, 2025:** A certified copy of an ordinance authorizing the local implementation of a grocery sales tax must be submitted to IDOR, postmarked by October 1, 2025.
- **January 1, 2026:** The statewide grocery sales tax expires; only locally imposed grocery sales taxes will remain.

¹ <https://www.iml.org/page.cfm?category=5382>

² <https://tax.illinois.gov/localgovernments/contacts>

