

untaxing
GROCERIES

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CONTENTS

- 03 ABOUT ALABAMA ARISE**
- 04 OUR FIGHT TO ELIMINATE THE GROCERY TAX**
- 06 NATIONAL TRENDS RE: GROCERY TAXES**
- 07 HOW ALABAMA COMPARES NOW**
- 08 PROTECTING EDUCATION funding**
- 09 HOW DO WE GET RID OF THE FINAL 2%?**
- 10 CONTACT INFORMATION**



Photo: Alabama Arise's 2023 Advocacy Day focused on talking to legislators about untaxing groceries

introducing **ALABAMA ARISE**

Alabama Arise uses three kinds of activities to promote fairer public policies toward Alabamians with low incomes:



Policy Analysis

The Arise policy team studies current state policies and legislative proposals and analyzes their impact on people living in or near poverty.



Statewide Organizing

Arise organizes members and people with low incomes to speak out on the development of public policies that affect their lives.



Citizen Advocacy

Arise works to equip its members for active participation in the democratic process, including legislative advocacy.

**Around the late
1990s Alabama
Arise began it's
fight to eliminate
the grocery tax...**

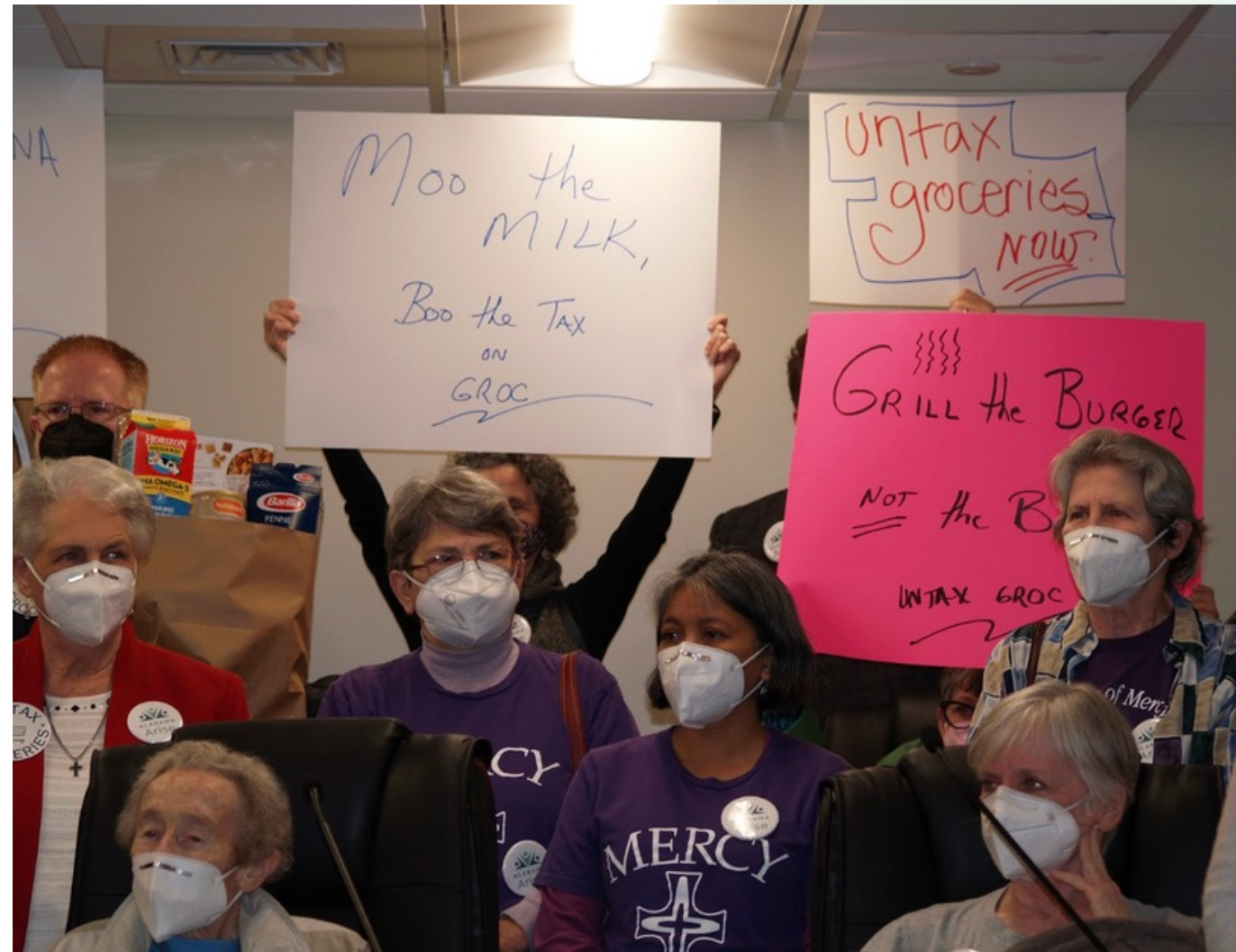


Photo: Alabama Arise's Untax Groceries Rally at the State House on March 15, 2022.

150+

faith-based, community,
nonprofit and civic groups,
grassroots leaders and
individuals from across
Alabama.

1,483

messages and personal
visits in 2023 in support
of reducing the state-
level grocery tax

50

out of 67 counties
represented by our members

THE IMPACT OF TAXING GROCERIES

\$54,943 v. \$20,500 or less

Alabama's median household income compared to the bottom 20 percent's income

10.3% v. 5.7%

Share of income that low-income families (lowest 20th percent) spend on food at home compared to the highest 20 percent

\$1,237 v. \$594

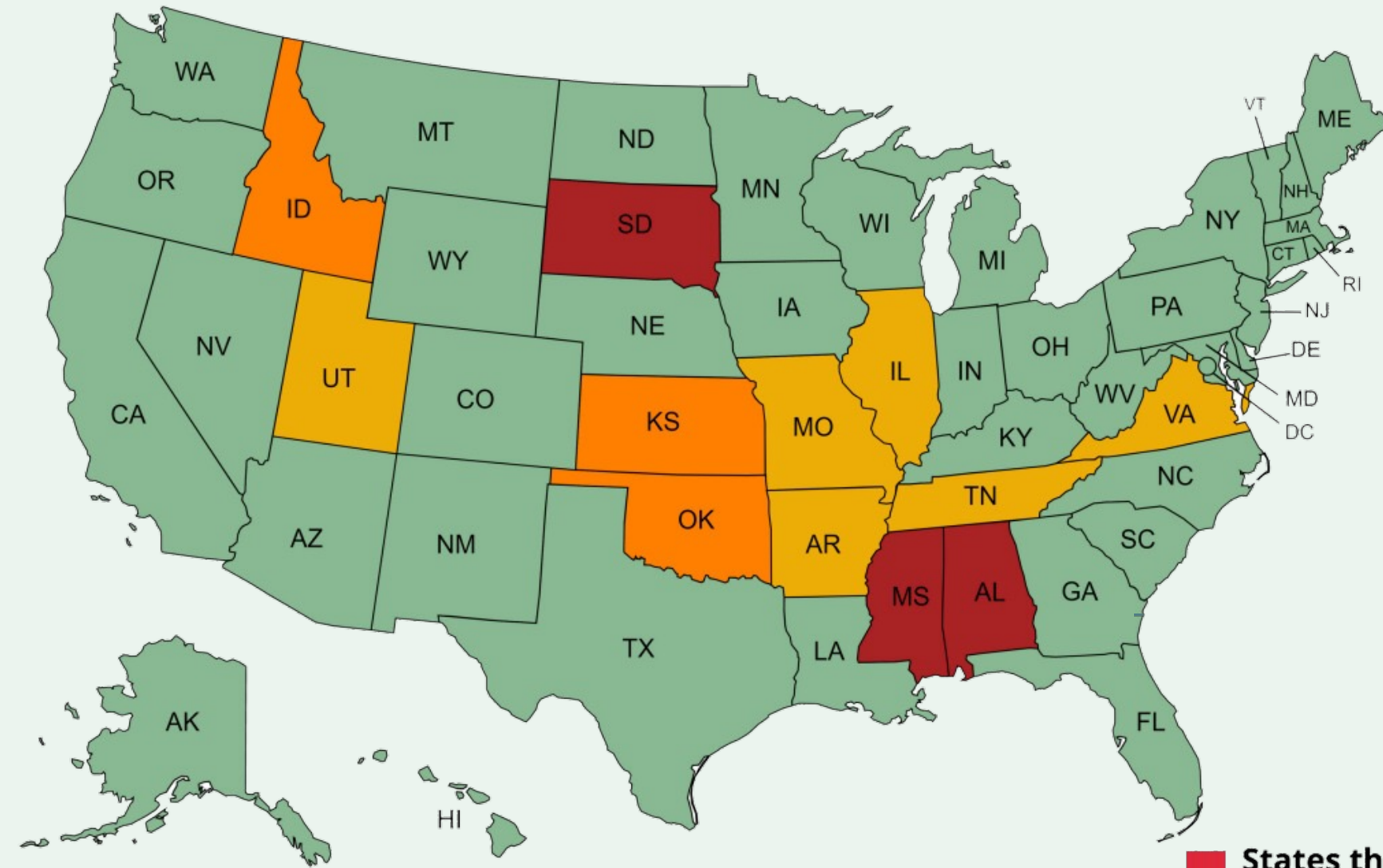
The amount a typical family of four spends on groceries per month and the amount a typical Alabama family of four spent on the state-level grocery tax per year, before the 2023 reduction



national **TRENDS**

Prior to the 2023 reduction in Alabama's grocery tax, here's how we compared nationally

Alabama was one of only three states that fully taxed groceries without any form of relief.



Only Alabama, Mississippi, and South Dakota failed to provide sales tax relief for families purchasing groceries. In contrast, even states with a reduced state grocery tax were either taking steps earlier this year to further reduce or eliminate the state grocery tax or had publicly made state level grocery tax reform a policy priority.

- States that fully taxed groceries and provided no form of relief
- States that fully taxed groceries yet provided offsetting credits
- States that taxed groceries at a lower rate (different from their regular sales tax rate)
- States without a grocery tax

national **TRENDS**

Prior to this year's reduction in Alabama's grocery tax, here's how we compared nationally



January 2023	November 2023
<p>Only 13 states imposed a sales tax on groceries.</p>	<p>13 states still impose a sales tax on groceries, yet earlier this year, Utah passed a repeal of their state tax on groceries, contingent on approval of a related constitutional amendment by voters in 2024.</p>
<p>Alabama was one of only 3 states without any form of grocery tax relief (alongside Mississippi and South Dakota).</p>	<p>Mississippi is the only state without any form of tax relief. Both Alabama and South Dakota passed legislation to reduce the sales tax rate on groceries.</p>
<p>6 states (Arkansas, Illinois, Missouri, Tennessee, Utah, and Virginia) tax groceries at lower rates than other goods.</p>	<p>8 states, including Alabama now offer a lower tax rate for groceries.</p>
<p>4 states (Hawai'i, Idaho, Kansas, and Oklahoma) tax groceries at the regular sales tax rate but offer credits or rebates to offset some of the tax for some parts of the population.</p>	<p>This has not changed, yet worth noting: these credits or rebates are usually set at a flat amount per family member. Credits are less expensive than a full exemption but also less effective at protecting low-income families from the impact of the tax.</p>

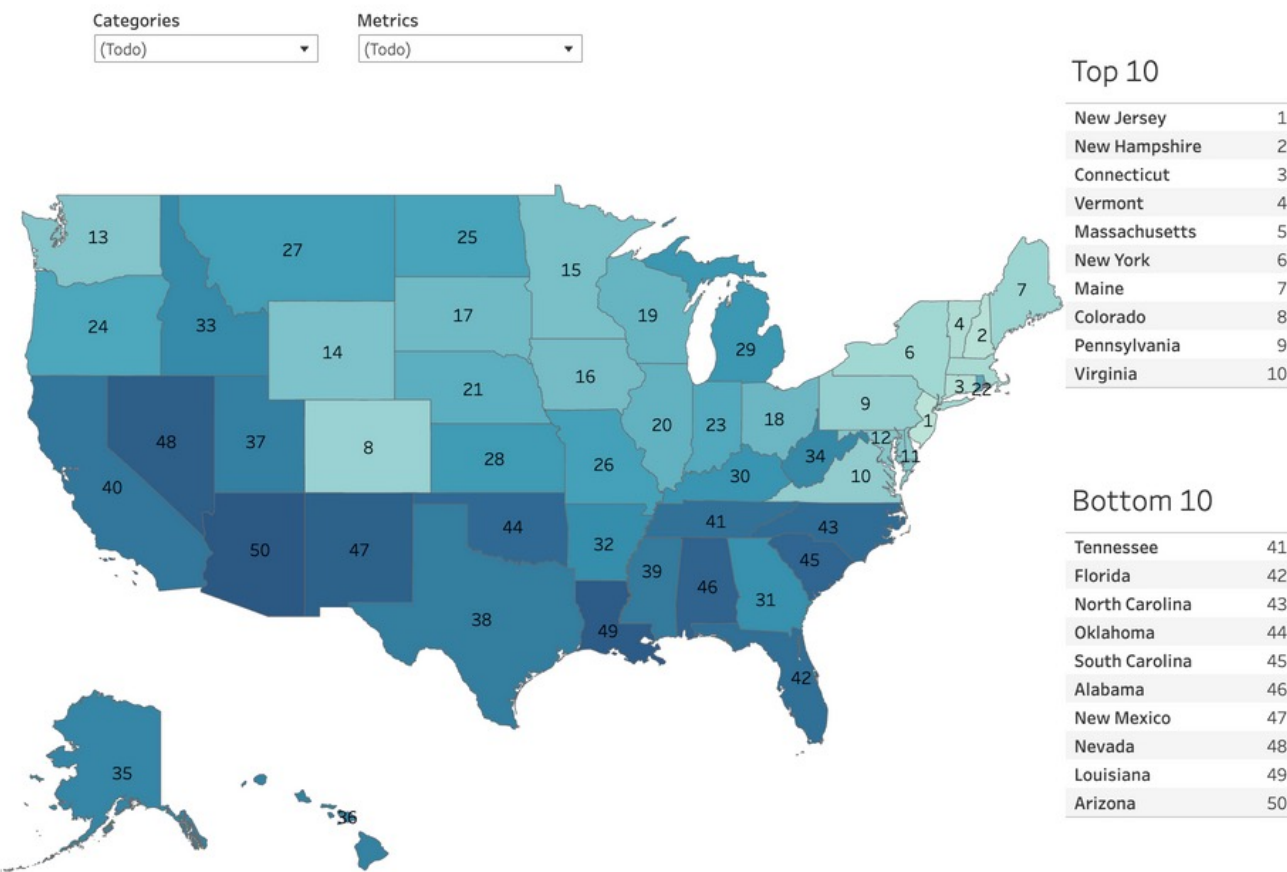
PROTECTING EDUCATION FUNDING

Here is why that's important. Despite it costing hundreds of millions of dollars to do not have to be mutually exclusive...

One of the 10 worst public school systems in the nation

According to one report, Alabama ranks 46th in math test scores, 45th in reading test scores, 47th in student to teacher ratio, 49th in percentage of licensed or certified public K-12 teachers and 44th in median ACT scores nationwide.

Rankings of States with Best & Worst Public Schools



“More resources, or tax [dollars devoted to education], typically results in better school system performance...”

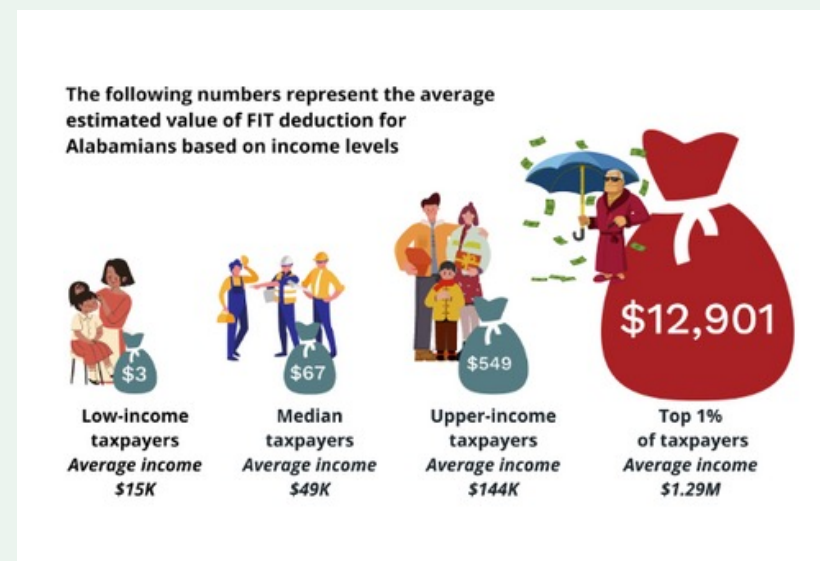
History tells us that good economic times won't last forever

ideas for eliminating **THE FINAL 2%**



Modifying state sales tax codifications to add professional services which include attorneys, physicians, accountants, and other licensed professionals.

Things that the commission should consider looking into to make up the lost revenue...

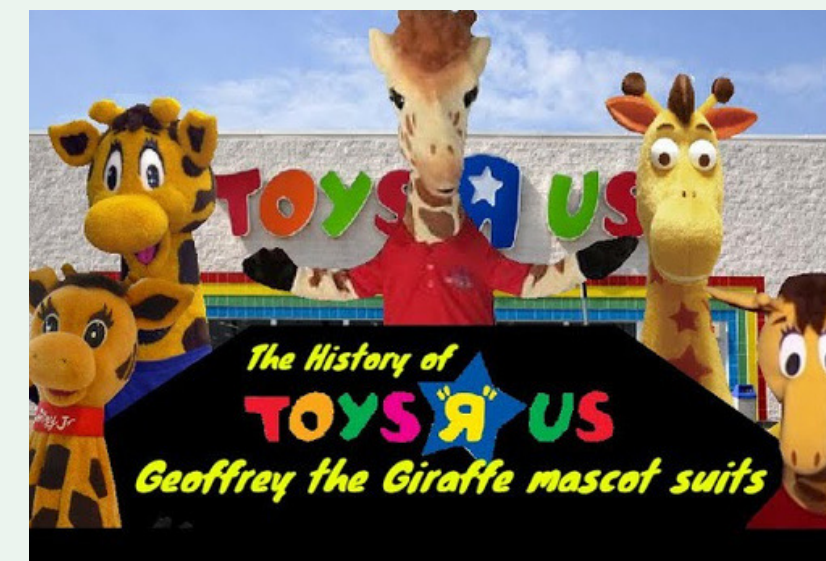


Eliminating the Federal Income Tax Deduction which is a tax loophole that mostly benefits high-income earners.



Eliminating the FICA deduction which will impact both middle-class and high-earners alike. Would only affect employed itemizers.

Past estimates suggest a \$276 max increase in taxes per impacted person.



Adopting combined reporting which will impact corporations' ability to take advantage of a loophole that allows them to underpay in state taxes.

Thank you
FOR LISTENING!

Any questions?

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