



# KANSAS FOOD SALES TAX: EXPLORING POLICY AND RESEARCH

## Introduction

In 2022, the Kansas Legislature enacted [House Bill \(HB\) 2106](#), which began the process of reducing the state sales tax rate on food and food ingredients from 6.5 percent to 4.0 percent beginning on Jan. 1, 2023. It was further reduced to 2.0 percent on Jan. 1, 2024. At 6.5 percent, the state had one of the highest sales tax rates on food in the nation. The rate will be reduced to 0.0 percent on Jan. 1, 2025. Under this law, grocery shoppers may still see local sales tax applied by their city and/or county (*Figure 1*, page 2). HB 2106 also sunsets the food sales tax credit originally intended to offset high grocery taxes for low-income households at the end of tax year 2024.

This brief provides an overview of local sales tax rates applied to food in Kansas counties and describes food sales tax policies implemented by other states. It also examines the potential health outcomes of removing sales tax on food.

## What Are Food Sales Taxes?

Food sales taxes apply to the purchase of groceries and other unprepared food products. Depending on the state, this can appear in legislation as taxes on “food products,”

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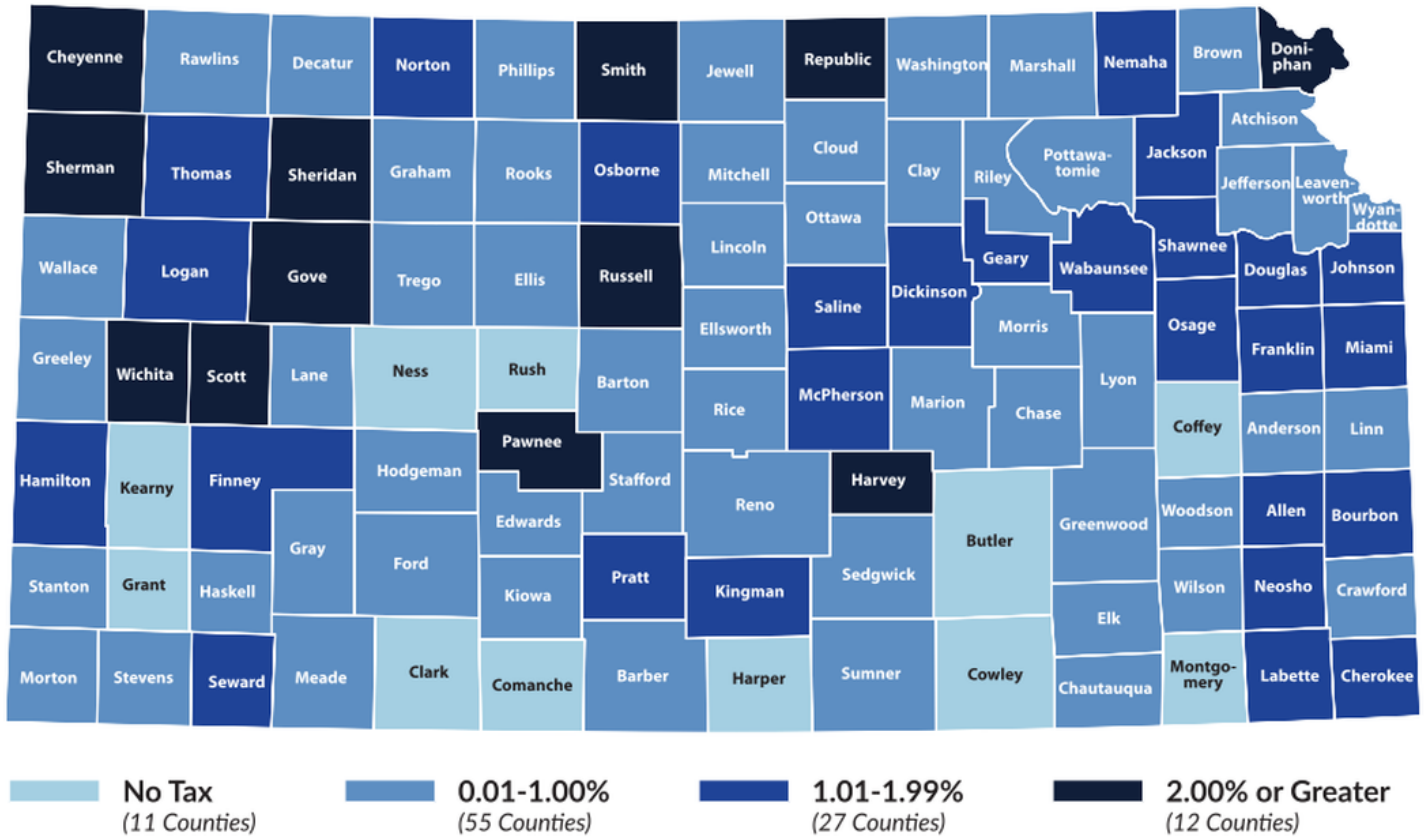
## Groceries vs. “Junk Food”

This brief focuses on the health impact of overall sales tax on the purchase of groceries. It does not address the subset of “junk food” taxes applied to categories like soft drinks, candy or most prepared foods. Unlike “junk food” taxes, overall food sales taxes apply to all types of foods and generally focus on generating revenue.

## KEY POINTS

- ✓ Under legislation passed by the Kansas Legislature in 2022, the state sales tax on food and food ingredients was reduced to 2.0 percent on Jan. 1, 2024, and will be reduced to 0.0 percent on Jan. 1, 2025. Food and food ingredients are still subject to sales taxes imposed by Kansas cities and counties.
- ✓ Thirty-eight states do not currently tax food as of October 2024, using a variety of policy strategies. Two states have passed legislation that will exempt food (Illinois) or reduce food sales tax to zero (Kansas) in the future.
- ✓ Recent research suggests grocery sales taxes are associated with higher food insecurity rates, changes in consumer purchasing behavior and poorer health outcomes linked to obesity and diabetes, particularly for low-income households. These relationships can offer insights into potential positive health outcomes of removing taxes on food.
- ✓ A food sales tax may increase annual grocery costs by a few hundred dollars, and that additional cost can increase the financial burden of individuals and families that are already struggling to pay for food, housing, utilities, transportation and medical costs.

Figure 1. Map of Food Sales Tax Rates in Kansas Counties, October 2024



Source: Kansas Health Institute analysis of Local Sales Tax Information - Quarterly Updates, (published Oct. 1, 2024) from the Kansas Department of Revenue, available at [ksrevenue.gov/salesratechanges.html](https://ksrevenue.gov/salesratechanges.html).



“food ingredients,” “food for human consumption,” “unprepared food” or “food intended for home consumption.” Often, alcohol and tobacco are excluded from this definition and are subject to separate legislation. In the U.S., the rate of these taxes varies by state and locality, with some states fully exempting groceries from sales tax, which means no sales tax is applied to this food.

The USDA found that more than half (57 percent) of U.S. counties did not tax food bought at grocery stores, supercenters and other retail outlets in 2019.

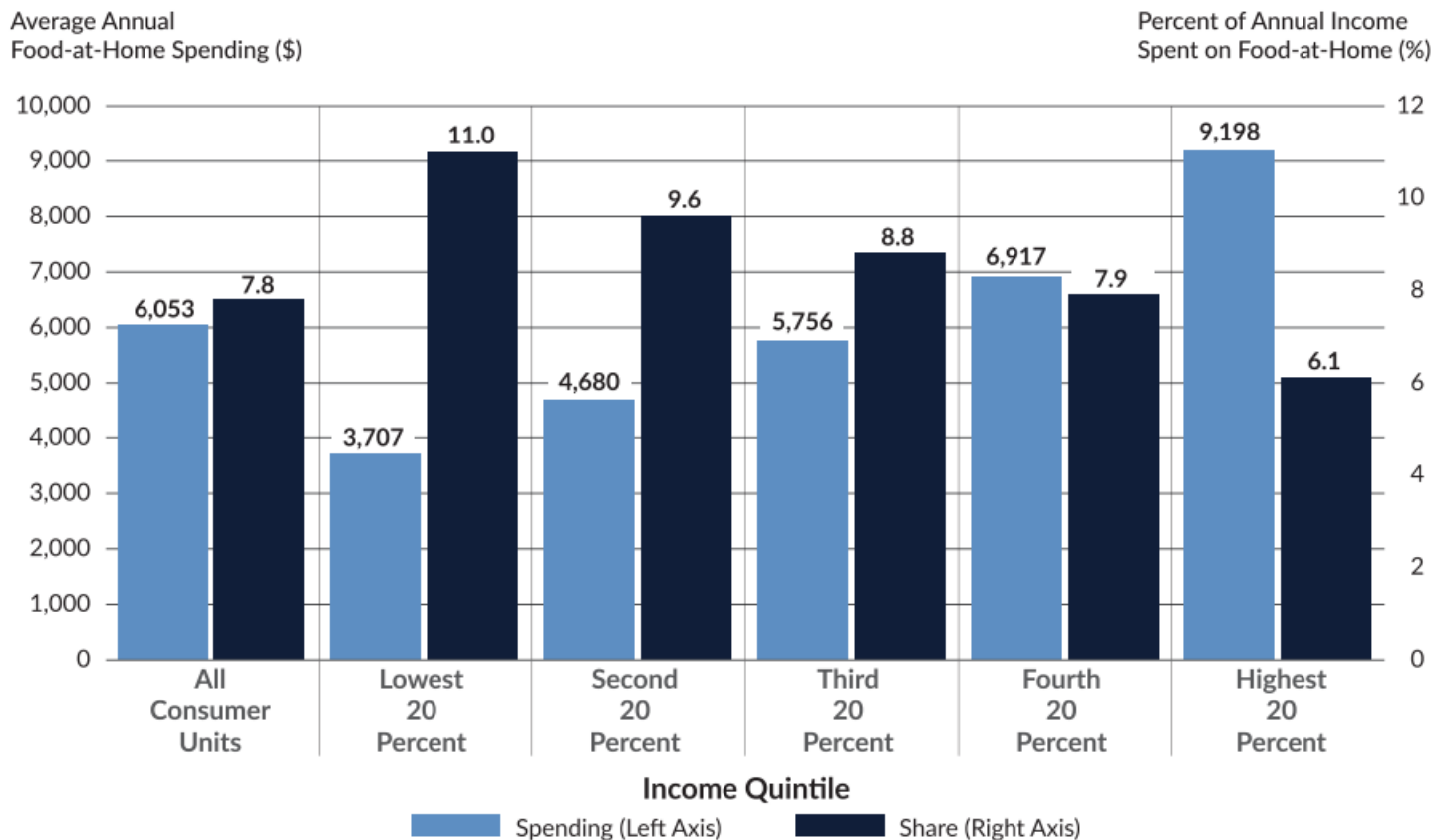
Not everyone will notice the effect of a food sales tax. Tax is usually added at the cash register rather than to the price in the grocery aisle, resulting in less impact on consumer behavior. However, grocery sales tax is considered a regressive tax, because it is applied at the same rate regardless of household income. Therefore, the financial burden of the tax decreases as household income rises. Recognizing this disparity, federal Supplemental Nutrition Assistance Program (SNAP) benefits are exempt from state and local sales tax. However, SNAP benefits only supplement a

family’s grocery needs. Food purchased without these benefits is still subject to any local and state taxes and these taxes remain challenging for families and individuals with low-income who don’t receive or who are ineligible for SNAP.

Food is an essential household cost. The price of groceries in the U.S. rose 5.0 percent from 2022 to 2023, double the 20-year historical inflation level. High income earners spend more money on groceries annually than those with lower incomes (Figure 2). In 2023, households with the lowest incomes in the U.S. spent less than half the amount on groceries on average (\$3,707) than the highest income earners (\$9,198). However, this was nearly twice the share of their annual income – 11.0 percent for lowest income earners, compared to 6.1 percent for highest income earners.

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**Figure 2. Food Spending and Share of Income Spent on Groceries Across U.S. Households, 2023**



Note: Reports annual pre-tax spending on food-at-home and pre-tax income for consumer units. Food-at-home includes food and non-alcoholic beverages purchased at grocery stores, supercenters and other retail outlets. It does not include non-food items found in some grocery stores (e.g., cleaning supplies or toiletries) or restaurant food. Although sometimes used interchangeably with “households” for simplicity, multiple consumer units could live in the same household if they do not make joint financial decisions (e.g. roommates).

Source: Kansas Health Institute analysis of Consumer Expenditure Survey – 2023 (published in 2024) from the U.S. Bureau of Labor Statistics.

Figure 3. Estimated Food Sales Tax Spending for Select Kansas Counties in 2024 and 2025

County	County Food Sales Tax Rate (October 2024)	Average Estimated Grocery Sales Tax Spending in 2024 (County + 2.0% State Sales Tax)	Average Estimated Grocery Sales Tax Spending in 2025 (County + 0.0% State Sales Tax)
Sherman	2.25%	\$257.25	\$136.19
Johnson	1.475%	\$210.34	\$89.28
Shawnee	1.35%	\$202.78	\$81.72
Sedgwick	1.00%	\$181.59	\$60.53
Wyandotte	1.00%	\$181.59	\$60.53
Cowley	0.000%	\$121.06	\$0.00

Note: Estimated spending on grocery tax estimates based on the 2023 average annual pre-tax food-at-home spending (\$6,053) in the U.S. Average estimated sales tax for 2024 uses the effective Oct. 1, 2024, rates. Sales tax rate for the selected Kansas counties remains the same, effective Jan. 1, 2025. Additionally, cities may apply food sales tax beyond that reflected here. Selected counties reflect the highest (Sherman) and one of the lowest (Cowley) tax rates. Additionally, tax rates for the four most populous Kansas counties are included for reference.

Source: Kansas Health Institute analysis of Local Sales Tax Information – Quarterly Updates from the Kansas Department of Revenue (effective Oct 1, 2024, and Jan. 1, 2025), available at [ksrevenue.gov/salesratechanges.html](https://ksrevenue.gov/salesratechanges.html), and Consumer Expenditure Survey – 2023 (published in 2024) from the U.S. Bureau of Labor Statistics.



costs. The average annual household spending on groceries is \$6,053 or slightly more than \$500 monthly. When the food sales tax rate was at 6.5 percent in Kansas, this family would have paid about \$33 per month in state grocery sales tax. At the current 2.0 percent rate, this dropped to about \$10 per month. This family will not pay state sales tax on groceries when the rate drops to zero, but may still pay local food sales tax. For example, a family in Sherman County, which has the highest county food sales tax rate in the state at 2.25 percent, would still pay about \$136 annually in local grocery sales tax (Figure 3).

## What Have Other States Done?

Approaches to taxing the purchase of food differ significantly across the U.S. As of October 2024, 38 states do not tax food. Several states like Kansas have made incremental reductions in food tax rates or passed legislation to phase out these taxes in the future. This includes the analysis of state sales tax approaches. This analysis does not include the variety of state approaches to whether localities can apply additional tax at the county or city levels.

Key state approaches include:

- Thirty states exempt groceries from state sales taxes through various legislative actions. This includes neighboring states of Iowa and Colorado.
- Five states (Alaska, Delaware, Montana, New Hampshire and Oregon) have no sales tax on any items, including food.

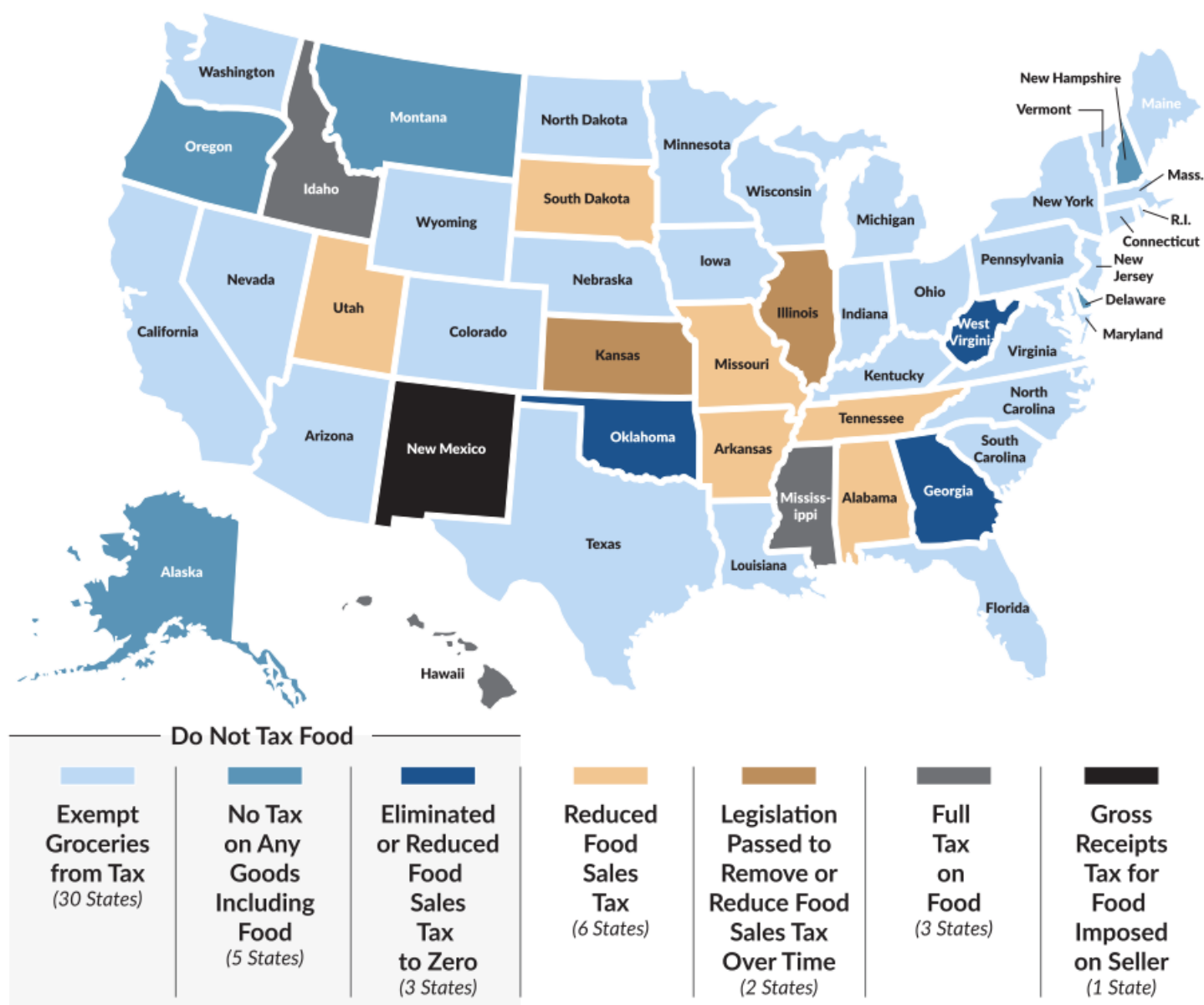
- Three states reduced then eliminated their sales tax (West Virginia) or reduced it to zero (Oklahoma and Georgia).
- Six states, including Alabama and Arkansas, apply reduced sales tax rates to food. For example, in Alabama, the food tax was reduced from 4.0 percent to 3.0 percent in September 2023, with the stated intention to continue reducing the rate. Arkansas legislation includes contingency of paying off bond obligations prior to removal.
- Two states (Kansas and Illinois) have passed legislation that will remove or reduce the food

sales tax over time. In Kansas, the food sales tax rate is set to decrease to 0.0 percent in January 2025. However, unlike in some other states, this is a rate reduction rather than a full exemption, meaning local sales taxes may still apply.

Other unique state approaches include:

- Tennessee and South Dakota both implemented temporary food sales tax holidays, exempting or reducing groceries from sales tax for short periods. South Dakota voters will decide whether to prohibit state food and grocery taxes in a 2024 ballot measure.

Figure 4. Map of U.S. Approaches to State Food Sales Tax, October 2024



Note: Although other states may have a gross receipts tax or a similarly named tax, New Mexico is unique in allowing businesses that meet specific criteria to claim a deduction on the gross receipts tax for groceries sold.  
 Source: Kansas Health Institute analysis of state sales tax policies in the United States, October 2024.

Figure 5. Projected Annual and Monthly Costs of 1.0 Percent Food Sales Tax Increase Based on U.S. Food Spending, 2023

Income Quintile	Annual Food-at-Home Spending	Annual Cost of 1% Sales Tax Increase	Monthly Cost of 1% Sales Tax Increase
All Consumer Units	\$6,053.00	\$60.53	\$5.04
Lowest 20 Percent	\$3,707.00	\$37.07	\$3.09
Second 20 Percent	\$4,680.00	\$46.80	\$3.90
Third 20 Percent	\$5,756.00	\$57.56	\$4.80
Fourth 20 Percent	\$6,917.00	\$69.17	\$5.76
Highest 20 Percent	\$9,198.00	\$91.98	\$7.67

Note: Reports annual pre-tax spending on food-at-home by income quintile for consumer units. Food-at-home includes food and non-alcoholic beverages purchased in grocery stores, supercenters and other retail outlets. It does not include non-food items found in some grocery stores (e.g., cleaning supplies or toiletries) or restaurant food. Although sometimes used interchangeably with “households” for simplicity, multiple consumer units could live in the same household if they do not make joint financial decisions (e.g. roommates).

Source: Kansas Health Institute analysis of Consumer Expenditure Survey – 2023 (published in 2024) from the U.S. Bureau of Labor Statistics.

- New Mexico does not apply sales tax directly to consumers, but rather utilizes a gross receipts tax on businesses, which often pass this cost on to consumers. Retailers can claim a tax deduction if more than 50 percent of their sales are staple foods (e.g., breads, dairy, fruits or vegetables, or meat, fish or poultry) or if they regularly offer a variety of foods in all of these categories, including perishable foods in three categories.

In contrast, three states (Idaho, Mississippi and Hawaii) continue to tax groceries at the full state sales tax rate. This diversity of policy approaches reflects the different fiscal priorities and political landscapes across the U.S., with some states prioritizing revenue generation, while others focus on reducing tax burdens on essential items like food.

## Health Impacts of Taxing Food

Overall food sales taxes have been debated for decades with researchers pointing to the regressive nature of these taxes, which disproportionately falls on low-income households. However, research focused on quantifying the health effects of these taxes has emerged during the past five years. The research continues to evolve as more states like Kansas remove or reduce their food sales taxes.

Generally, the health impacts of a food sales tax are felt through its financial effect. Taxes are a financial driver within the overall food system that impact household purchasing power and behavior,

community health and nutrition. However, taxes are not the only factor in nutrition, so studies must measure this impact within the context of other policies, systems and environments. At an individual level, tax effects are measured through consumer spending on groceries, which are often considered to be less calorically dense and more nutritious than restaurant food. Some studies use this as a proxy to explore the effect of an overall tax on population-level obesity rates. The population-level impact of a food sales tax also is measured by changes in food insecurity rates. High food insecurity contributes to increased risk of poor health outcomes and health inequities.

The sales tax on groceries is associated with higher rates of food insecurity, particularly for low-income households not participating in SNAP. A 2017 study found a 0.6 percent increase in food insecurity per a 1.0 percent increase in food sales tax for low-income households at or below 200 percent of the federal poverty level (FPL) that were not participating in SNAP. A 2021 study found a 0.84 percent increase in food insecurity per 1.0 percent increase in tax for low-income households at 122 percent FPL. For those with the lowest household incomes in the United States in 2023, a 1.0 percent increase in food sales tax is the same as increasing their monthly tax burden by \$3.09 (Figure 5).

The same 2021 study found that counties with an average grocery tax rate of 4.2 percent increased



the chance of household food insecurity for low-income residents by 3.3 percent. In states like New Mexico that tax retailers directly, there also can be over-shifting – or increasing the cost beyond the tax rate as it is passed to consumers – resulting in higher food pricing. Higher rates of food insecurity and the cost of food resulting from sales taxes may have the unintended consequence of greater reliance on federal safety net programs. One study found that a 1.0 percent food sales tax increase was associated with greater SNAP participation (7.3 percent increase), even when controlling for neighboring counties that did not increase sales tax.

A sales tax also can have the unintended consequence of prompting shoppers to cross

county or state lines to reduce their costs, although travel costs may offset any potential savings. Sales taxes on groceries also can result in more people eating at restaurants. For every 1.0 percent increase in the food sales tax rate, households eligible but not participating in SNAP slightly reduce grocery spending and increase restaurant spending. Households with higher incomes do not demonstrate behavior changes in response to these taxes.

The literature also suggests that taxing groceries can result in poorer downstream health outcomes of consumers. A 1.0 percent increase in the sales tax rate on groceries is associated with increases of 0.59 percent in obesity rates and 0.22 percent



in diabetes rates. One potential explanation is that grocery taxes may cause consumers to shift from purchasing healthier grocery items to less nutritious and less costly foods. However, there are mixed results on the influence of sales tax on downstream health indicators like obesity. While a relationship is found, the effect is small, albeit larger effects were seen for populations with low-income and those already at greater risk for being overweight or obese.

### What Does This Mean for Kansas?

Research on the health impacts of reducing food sales tax is limited. However, existing studies looking at the health impacts related to having a food sales tax can offer insights into the removal or reduction

of food sales tax. The research suggests reducing food sales taxes could have positive effects, such as decreasing food insecurity and improving diet quality. Further research could deepen understanding of these dynamics, particularly as states like Kansas make changes to their state food sales tax. Additionally, since Kansas county and city sales taxes are not affected by HB 2106, this is an opportunity for further study of the health impacts of local sales taxes. As local governments assess their own fiscal policies, there's value in asking what impact these taxes have on the health of their communities. Applying a health lens to these policy decisions may help determine whether the fiscal benefits gained through the imposition of these taxes outweigh the potential negative health impacts experienced by community members.

**ABOUT THE ISSUE BRIEF**  
This brief is based on work done by Samiyah Para-Cremer Moore, M.Sc., Valentina Blanchard, M.P.H., L.M.S.W., and Valerie Emerson. It is available online at [khi.org/articles/kansas-food-sales-tax-exploring-policy-and-research](https://khi.org/articles/kansas-food-sales-tax-exploring-policy-and-research)

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