

Grocery taxes put low-income families at risk for food insecurity

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Approximately one-third of all U.S. counties do not exempt grocery foods from the general sales tax, which means the lowest-income families living in those areas are most susceptible to food insecurity. New research from Cornell University finds that even a slight grocery tax-rate increase could be problematic for many.

"An increase of 1% to 4% may sound small, but after several trips to the [grocery store](#), the extra costs can create serious burdens for the lowest-income families," said co-author Harry Kaiser, professor of applied economics and management in the Charles H. Dyson School of Applied Economics and Management. "We found that even the slightest increase in tax rate correlated to an increased likelihood of food insecurity. Grocery taxes that rose by just one percentage point led to a higher risk of hunger in households."

The study focused on [sales taxes](#) on foods at [retail outlets](#) such as [grocery](#) and convenience stores. Kaiser and his co-authors found that across 14 states, the average grocery tax is just over 4%.

In 2020, grocery food tax policy varied at both state and county levels. A total of 17 states impose grocery taxes, and several states are debating whether to remove or impose taxes. Kaiser's group looked at data from low-income households in the 48 contiguous states plus Washington, D.C., and excluded households with annual income above \$30,000.

This threshold was based on the [federal poverty level](#), a measure that accounts for household income relative to household size. For example, in 2017 the poverty level for a single-person household was \$12,060; for a two-person household, it was \$16,240.

In Alabama, for example, where the grocery tax rate is as high as 9%, the average annual expense in grocery taxes is \$630. For households living at or near the poverty level, this tax expense represents a sizeable portion of their household income.

Kaiser's team predicts that the average food insecurity for households with income less than \$30,000 will decrease by 3.2% due to the tax removal.

"We hope that by sharing our current data and findings on grocery taxes as it relates to [food insecurity](#)," Kaiser said, "policymakers will take a much closer look at the tax burden in certain areas which are hit hardest."

More information: Yuqing Zheng et al, Putting grocery food taxes on the table: Evidence for food security policy-makers, *Food Policy* (2021). [DOI: 10.1016/j.foodpol.2021.102098](https://doi.org/10.1016/j.foodpol.2021.102098)

Provided by Cornell University

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