



GROCERY TAX REFORM IN MISSISSIPPI

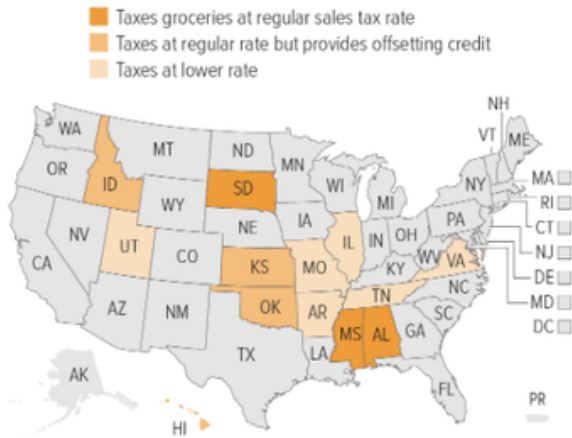
Mississippi's poverty rate of nearly 20% ranks the highest in the U.S. And according to the United Way's Mississippi ALICE report, 31% of Mississippians cannot afford basic household necessities. Also, the state has the highest food insecurity rate in the nation.

Yet, Mississippians pay the highest state sales tax on groceries.

Did you know?

- Only 13 states tax groceries.
- Only Alabama, Mississippi, and South Dakota still tax groceries at the full state sales tax rate.
- Mississippi currently has the highest state sales tax (7%) on groceries in the U.S.

13 States Impose Sales Tax on Groceries



Grocery tax reform in Mississippi would:

- Help families put more food on the table.
- Help families afford nutritious foods.
- Free up more money for families to afford other basic needs.
- Advance racial and economic equity.
- Make the state tax code more equitable.

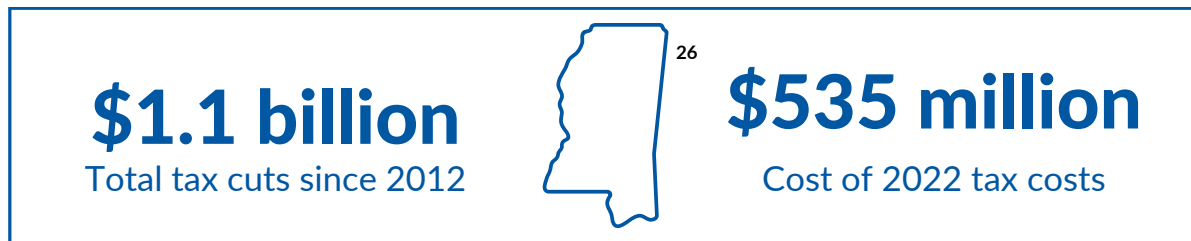
Note: Most households in South Dakota pay the full sales tax rate on their groceries. But the state offers a limited sales or property tax rebate that goes only to low-income older adults and individuals with disabilities.

Source: CBPP analysis

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Cutting or eliminating the state’s grocery tax will help more Mississippians than cutting or eliminating the state’s income tax

Grocery tax reform is a more beneficial tax policy option for people and families with low incomes than more recent tax cuts that benefit the state’s wealthiest and corporations.

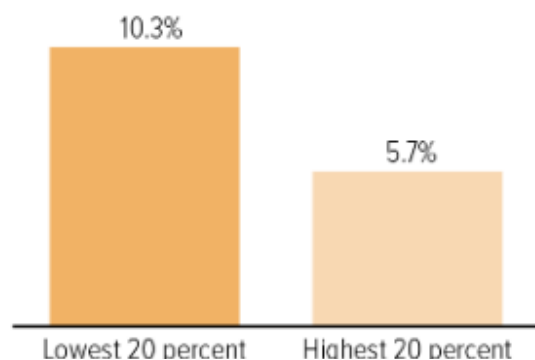


Source: Institute on Taxation and Economic Policy

This is because while everyone pays the same grocery tax rate, people with lower incomes and Black and other families of color disproportionately pay a larger percentage of their income on food than people with higher incomes, on average.

Low-Income Families Spend Much More of Their Income on Food at Home

Share of income spent on food at home



Source: Bureau of Labor Statistics, 2018 Consumer Expenditure Survey

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Most (68%) Mississippians support eliminating the state’s grocery tax.

Do you support or oppose suspending the Mississippi grocery tax?

	Republican	Independant	Democrat	TOTAL
Support	71%	67%	65%	68%
Oppose	22%	21%	28%	24%
Don't know/ No opinion	6%	12%	7%	8%

Source: January 2023 Mississippi Today/Siena College poll

Grocery tax reform in Mississippi

State grocery tax reform options include reducing or eliminating the state's grocery tax and replacing it with fairer revenue sources. State lawmakers could also consider offsetting the grocery tax with a tax credit.

Here is what it looks like if state lawmakers were to fully eliminate the state grocery tax.

Overall, eliminating the state's food tax would reduce the amount of taxes owed for every income group in the state.

Average Tax Cut							
Average Inxome	\$11,000	\$25,000	\$46,000	\$79,000	\$135,000	\$272,000	\$1,217,000
	-\$121	-\$202	-\$291	-\$379	-\$487	-\$555	-\$686

Middle-income earners in the state would be most impacted by the tax cut.

Share of Resident Tax Cut							
Average Inxome	\$11,000	\$25,000	\$46,000	\$79,000	\$135,000	\$272,000	\$1,217,000
	8%	13%	19%	24%	23%	7%	2%

Income groups most impacted by the tax cut

Middle-income earners in the state would be most impacted by the tax cut.

Grocery Tax Reform and Protecting State Services

It is important to note that cutting or eliminating the state's grocery tax or enacting other equitable tax cuts could be made even more beneficial if state lawmakers also considered revenue-raising tax policies.

That is because money from the grocery tax contributes to the state's budget, including money for local governments, educational activities, and transportation services. The state needs higher tax revenue to pay for the services—quality schools, accessible healthcare, solid infrastructure, and strong, safe communities—we all want and need.

Effective revenue-raising tax policies include the following:

- Taxing wealth to ensure that the state's wealthiest individuals pay what they owe.
- Strengthening, not eliminating, the state income tax.
- Reinstating the corporate tax and estate tax.
- Expanding the sales tax base to include internet businesses and travel companies.



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