KEISHA
LANCE BOTTOMS
GOVERNOR

Local Grocery and Family Essentials Tax Relief Plan

September 2026

Lowering Costs for Georgia Families

Georgia families are paying more to put food on the table. The average Georgia household spends about $8,960 a year on groceries, the 11th-highest amount in the country and more than 12% above the national average.

Those costs have continued to climb. Grocery prices nationally are higher than when Donald Trump returned to office, and families are feeling additional pressure from his tariffs and trade policies. The war in Iran has added further pressure through higher energy, transportation, and agricultural input costs, all of which can ultimately show up in the price families pay at the grocery store.

For families already stretching every dollar, sales taxes on groceries and basic necessities make essential purchases even more expensive. Research conducted by Georgia State University's Fiscal Research Center for the Georgia Department of Audits and Accounts found that grocery tax exemptions lower food costs for consumers and provide the greatest relative benefit to lower-income households, which spend a much larger share of their income on groceries. Households earning less than $15,000 annually spend about 41% of their income on groceries, compared with about 2% for households earning more than $200,000.

Georgia families cannot control global commodity markets, Washington's trade policies, or the consequences of war overseas. But state and local leaders can take action to reduce what families pay at the checkout line.

Keisha Lance Bottoms' Local Grocery and Family Essentials Tax Relief Plan would give cities and counties the option to eliminate or temporarily suspend local sales taxes on groceries and other basic necessities, while providing targeted state assistance to communities that could face a disproportionate revenue loss.

The goal is straightforward: when the cost of feeding and caring for a family rises, government should look for practical ways to make those necessities more affordable. Georgia families should not have to pay additional taxes on milk, eggs, baby formula, diapers, feminine hygiene products, or the take-home meal they pick up after a long day at work.

Take the Tax Off Groceries and Family Essentials

Georgia already exempts most groceries from the state's 4% sales tax, but those same groceries remain subject to local sales taxes. Georgia State University's Fiscal Research Center found that the grocery exemption lowers food costs for consumers and helps make Georgia's tax system less regressive.

- Groceries
- Qualifying take-home family meals
- Baby formula
- Diapers
- Feminine hygiene products

The take-home family meal exemption would cover prepared foods purchased from grocery stores, warehouse clubs, and similar retailers for families to eat at home. That would include everyday items like the $5 rotisserie chicken at Costco, a prepared meatloaf, stuffed peppers, lasagna, or other ready-to-heat family meals. The goal is to recognize that a working parent picking up dinner on the way home should not pay more in taxes simply because the meal was prepared at the store.

Restaurant meals, fast food, and food purchased for immediate consumption would remain subject to sales tax.

The plan would give local governments two options.

A city or county could permanently eliminate its applicable local sales taxes on qualifying groceries and family essentials.

Or, a community could temporarily suspend those taxes when grocery prices rise significantly.

Temporary relief would be tied to the federal Consumer Price Index for Food at Home, which measures changes specifically in grocery-store and supermarket prices. Using the Food at Home CPI would ensure that the relief is triggered by increases in grocery prices rather than unrelated changes in housing, gasoline, or other components of overall inflation.

A participating local government could suspend the tax for a defined period, such as six months, with the option to extend the suspension if grocery inflation remains elevated.

Protect Communities That Depend on Sales Tax Revenue

Not every community has the same tax base.

For some smaller cities and counties, a Walmart Supercenter, supermarket, or other major retailer can account for a significant portion of local sales tax collections. Eliminating the tax on groceries could therefore have a much larger budget impact in those communities than it would in a larger jurisdiction with a more diverse retail economy.

Georgia State University's research similarly found that grocery spending is distributed unevenly across the state and that the fiscal impact of a grocery exemption varies significantly by county.

Keisha's plan would establish a $250 million Local Tax Relief Stabilization Fund to give those communities a temporary financial backstop.

A participating city or county would qualify for state assistance when the estimated revenue loss from its exemption exceeds 5% of that jurisdiction's total local sales and use tax collections from the preceding completed fiscal year.

The state would help offset the portion of the loss above that 5% threshold, subject to the availability of funds. For example, if a community collected $10 million in local sales and use taxes during the previous fiscal year and the exemption resulted in an $800,000 loss, the community would absorb the first $500,000 and could seek state assistance for the remaining $300,000.

The fund would be available to any qualifying city or county, but it would be particularly helpful to smaller communities with concentrated retail tax bases.

A One-Year Bridge, Not a Permanent State Subsidy

State stabilization assistance would be available for only one local budget cycle.

That gives communities choosing a permanent exemption time to adjust their budgets without creating an indefinite state obligation. After the first budget cycle, a jurisdiction choosing to maintain the exemption would incorporate the lower sales tax collections into its regular budgeting process.

For communities choosing only a temporary suspension during a period of high grocery inflation, the fund would help ensure that short-term tax relief does not force immediate cuts to essential local services.

Build on a System Georgia Already Uses

This proposal would not require Georgia to build an entirely new tax system.

The Department of Revenue already requires retailers to distinguish between taxable and exempt sales. Georgia State University's evaluation found that DOR reported negligible administrative costs associated with administering the state's existing grocery exemption.

The proposal would build on that existing framework while giving local governments greater flexibility to provide relief.