

**Table 7.3**  
**FOOD AND DRUG SALES TAX EXEMPTIONS**  
**(As of January 1, 2005)**

| State or other jurisdiction | Tax rate (percentage) | Exemptions    |                    |                       |
|-----------------------------|-----------------------|---------------|--------------------|-----------------------|
|                             |                       | Food (a)      | Prescription drugs | Nonprescription drugs |
| Alabama .....               | 4%                    | ...           | ★                  | ...                   |
| Alaska .....                | none                  | ...           | ...                | ...                   |
| Arizona .....               | 5.6                   | ★             | ★                  | ...                   |
| Arkansas .....              | 6                     | ...           | ★                  | ...                   |
| California (b)(c) .....     | 7.25                  | ★             | ★                  | ...                   |
| Colorado .....              | 2.9                   | ★             | ★                  | ...                   |
| Connecticut .....           | 6                     | ★             | ★                  | ★                     |
| Delaware .....              | none                  | ...           | ...                | ...                   |
| Florida .....               | 6                     | ★             | ★                  | ★                     |
| Georgia .....               | 4                     | ★(d)          | ★                  | ...                   |
| Hawaii .....                | 4                     | ...           | ★                  | ...                   |
| Idaho .....                 | 6                     | ...           | ★                  | ...                   |
| Illinois .....              | 6.25                  | 1 percent     | 1 percent          | 1 percent             |
| Indiana .....               | 6                     | ★             | ★                  | ...                   |
| Iowa .....                  | 5                     | ★             | ★                  | ...                   |
| Kansas .....                | 5.3                   | ...           | ★                  | ...                   |
| Kentucky .....              | 6                     | ★             | ★                  | ...                   |
| Louisiana .....             | 4                     | ★ (d)         | ★                  | ...                   |
| Maine .....                 | 5                     | ★             | ★                  | ...                   |
| Maryland .....              | 5                     | ★             | ★                  | ★                     |
| Massachusetts .....         | 5                     | ★             | ★                  | ...                   |
| Michigan .....              | 6                     | ★             | ★                  | ...                   |
| Minnesota .....             | 6.5                   | ★             | ★                  | ★                     |
| Mississippi .....           | 7                     | ...           | ★                  | ...                   |
| Missouri .....              | 4.225                 | 1.225         | ★                  | ...                   |
| Montana .....               | none                  | ...           | ...                | ...                   |
| Nebraska .....              | 5.5                   | ★             | ★                  | ...                   |
| Nevada .....                | 6.5                   | ★             | ★                  | ...                   |
| New Hampshire .....         | none                  | ...           | ...                | ...                   |
| New Jersey .....            | 6                     | ★             | ★                  | ★                     |
| New Mexico .....            | 5                     | ★             | ★                  | ...                   |
| New York .....              | 4.25                  | ★             | ★                  | ★                     |
| North Carolina (f) .....    | 4.5                   | ★ (d)         | ★                  | ...                   |
| North Dakota .....          | 5                     | ★             | ★                  | ...                   |
| Ohio .....                  | 6                     | ★             | ★                  | ...                   |
| Oklahoma .....              | 4.5                   | ...           | ★                  | ...                   |
| Oregon .....                | none                  | ...           | ...                | ...                   |
| Pennsylvania .....          | 6                     | ★             | ★                  | ★                     |
| Rhode Island .....          | 7                     | ★             | ★                  | ★                     |
| South Carolina .....        | 5                     | ...           | ★                  | ...                   |
| South Dakota .....          | 4                     | ...           | ★                  | ...                   |
| Tennessee .....             | 7                     | 6 percent     | ★                  | ...                   |
| Texas .....                 | 6.25                  | ★             | ★                  | ★                     |
| Utah .....                  | 4.75                  | ...           | ★                  | ...                   |
| Vermont .....               | 6                     | ★             | ★                  | ★                     |
| Virginia (b) .....          | 5.0                   | 4 percent (e) | ★                  | ★                     |
| Washington .....            | 6.5                   | ★             | ★                  | ...                   |
| West Virginia .....         | 6                     | ...           | ★                  | ...                   |
| Wisconsin .....             | 5                     | ★             | ★                  | ...                   |
| Wyoming (c) .....           | 4                     | ...           | ★                  | ...                   |
| Dist. of Columbia .....     | 5.75                  |               | ★                  | ★                     |

Source: The Federation of Tax Administrators, January 2005.

Key:

★ — Yes, exempt from tax.

... — Subject to general sales tax.

(a) Some states tax food, but allow an (income) tax credit to compensate poor households. They are: Hawaii, Idaho, Kansas, South Dakota and Wyoming.

(b) Includes statewide local tax of 1.25 percent in California and 1 percent in Virginia.

(c) The tax rate may be adjusted annually according to a formula based on balances in the unappropriated general fund and the school foundation fund.

(d) Food sales are subject to local sales tax.

(e) Tax rate on food is scheduled to decrease to 3.5 percent on 1/1/05. Statewide local tax is included.

(f) Tax rate scheduled to decrease to 4 percent after 6/30/05.