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Coffee, tea or candy? You'll pay more when higher sales tax kicks in

BY WILL BUSS - News-Democrat

Beginning Sept. 1, that afternoon candy bar snack is going to cost you more.

Illinois' \$31 billion capital bill -- the first to be passed by the state legislature in more than 10 years -- will bring in more revenue for Illinois by way of higher sales taxes on candy, bottled tea and coffee as well as medicated hygiene products.

Metro-east consumers will pay more for these products to help fund roads, bridges and other infrastructure projects across the state. The state is changing the tax rate categories for those products from the lower food sales tax rate of one penny to the higher general merchandise rate.

The new tax rates will vary from taxing district to taxing district.

According to the Illinois Retail Merchants Association, these products sold in Belleville will be charged at the existing 8.85 percent general merchandise rate inside the North Business District, which is an area where Walgreens and Wendy's are located within the Belleville Crossing shopping center. The merchandise rate outside that district in the city is 7.85 percent -- higher than the city's 1.75 percent food sales tax rate.

Illinois Department of Revenue spokeswoman Susan Hofer said sales taxes are not changing. Certain products are being reclassified into higher existing tax rates.

"It's not that we're changing the rate," Hofer said. "It's what is going into the rate."

Illinois Retail Merchants Association President and Chief Executive Officer David Vite said the changes will not only drive revenue, but also create a more universal tax rate.

"The revenue from these changes are dedicated to the bond requirements," Vite said. "Each definition is a definition consistent with at least 20 other states trying to streamline sales tax revenue."

Candy no longer will be taxed at the lower food rate, but at the higher general merchandise rate. It is defined as any food for human consumption sold that has sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts or other ingredients or flavorings in the form of bars, drops or pieces. It does not include any food that contains flour or requires refrigeration.

"You have to be careful to look at the ingredient label," Hofer said. "If it contains flour, it's a food."

Some grooming and personal hygiene products also will be taxed at the higher rate, and the inequitable taxing of similar items will be addressed. These items include but are not limited to body soap, cleansers, shampoo, toothpaste, mouthwash, antiperspirant, suntan lotions and sun screens. The change comes to those products that claim a medicinal value, which had been taxed at the lower rate.

"The definition of medicated products had become blurry," Hofer said. "Unless a product makes a medicinal claim that results in a product requiring a prescription and unless it's determined to be a medicine, it shall be taxed at the general merchandise rate."

Vite said that Tegrin shampoo, which claims to cure dandruff, has been taxed at the lower rate. Head & Shoulders shampoo, which claims to treat dandruff, has been taxed at the higher rate.

The difference in sales tax even occurs within the same brand. For example, Edge medicated shaving cream, packaged in its recognizable orange plastic cap, is taxed at the lower rate while Edge's methanol brand shaving cream, which is packaged with a green plastic cap, is taxed at the higher rate.

"It makes no sense," Vite said.

On Sept. 1, each of these hygiene products will be taxed at the same higher rate.

The same will happen to canned or bottled beverages that contain tea or coffee. Although they are sold alongside traditional soft drinks, such as Coke, Pepsi and 7UP, they have not been taxed in the same way. These products have also been charged the lower food-rate sales tax. Beginning Sept. 1, they also will be taxed at the higher general merchandise rate.

"It changes the sales tax rate for drinks that are included in coffee and tea that previously had been taxed as a food item," Hofer said. "We're talking about Snapple, AriZona iced tea, prepared drinks that include tea or coffee."

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