



Bruce Rauner, *Governor*

James T. Dimas, *Secretary*

100 South Grand Avenue, East • Springfield, Illinois 62762
401 South Clinton Street • Chicago, Illinois 60607

August 9, 2017

Toni Preckwinkle, President
Cook County Board of Commissioners
118 North Clark Street, Room 537
Chicago, Illinois 60602

Dear President Preckwinkle:

I am writing to inform you that the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS) has determined that one method of implementing the Cook County Sweetened Beverage Tax in relation to Supplemental Nutrition Assistance Program (SNAP) clients violates federal law. FNS states that it will take action to suspend administrative funds to the State of Illinois unless corrective action is taken (\$86.8 million last fiscal year). Please be advised that FNS powers against the State in this regard are substantial.

Through Sweetened Beverage Tax Regulation 2017-3, the Cook County Department of Revenue provides an accommodation to retailers whose point of sale (POS) systems cannot immediately be programmed to reduce the price of sweetened beverages by the amount of the tax when the beverages are purchased using SNAP benefits. That accommodation allows retailers to put in place a procedure whereby a purchaser who uses SNAP benefits can receive an immediate refund at the customer service desk or other location within the retailer's premises. It is FNS's strict interpretation that retailers may not charge the tax to SNAP recipients at any time and that providing an immediate subsequent refund at a customer service desk does not cure the problem or the violation of the law.

FNS has informed DHS that it will send a notice via USPS to all Cook County retailers on Friday, August 10, 2017. That notice will provide general guidance on handling taxes on SNAP eligible foods and will also inform retailers that they may not charge a distributor's tax or sales tax at the point-of-sale and then offer a refund of that tax to SNAP clients.

Please provide information on how Cook County will come into compliance with federal law in the timeframes provided in the attached letter so that DHS can provide the requested Corrective Action Plan (CAP) to FNS by the deadline of August 21, 2017. DHS appreciates your immediate attention to the concerns stated by FNS and looks forward to working with you on solutions. If you have questions or wish to discuss this matter further, please contact me at 312-793-1547. Thank you.

Sincerely,

James T. Dimas
Secretary