

Display Price Debate

Sales tax is an extra amount of money that you pay when you buy an item or service. States use sales tax to pay for budget items like roads, schools, and fire departments. Each state decides how much to charge for sales tax. Some states don't have a sales tax.

Video Game \$50.00	Squishmallow \$25.00	Lego Set \$100.00
<div>Sales Tax \$3.50</div> <div>50.00 + 3.50 <hr/></div>	<div>Sales Tax \$1.75</div> <div>25.00 + 1.75 <hr/></div>	<div>Sales Tax \$7.00</div> <div>100.00 + 7.00 <hr/></div>

Do you think it's fair to say an item costs \$25 when your total is higher at the checkout? Why or why not?

There are 20 states that do NOT allow stores to include tax in the display price. Should they change their rules? What are the arguments for both sides?

Display prices should include sales tax.	Display prices should NOT include sales tax.

thinkBigger

Each state can decide how much sales tax to charge. This means that you could buy the same item in a different state and pay a different price.

Video Game \$50.00 California 7.25%	Video Game \$50.00 Georgia 4%	Video Game \$50.00 Alaska No Sales Tax
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<div>Sales Tax \$3.63</div> <div>50.00 + 3.63 <hr/></div>	<div>Sales Tax \$2.00</div> <div>50.00 + 2.00 <hr/></div>	<div>Sales Tax \$0.00</div> <div>50.00 + 0.00 <hr/></div>
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In January 2023 a bill was introduced to the House of Representatives. A **bill** is an idea for a law. This bill was called, "The Fair Tax Act of 2023."

The bill proposed that there would be one sales tax that would be the same for every state. The sales tax would be 23%. Right now, the highest sales tax in the country is 7.25%.

BUT that would be the only tax people would need to pay. Right now, when you have a job, the government takes money out of your paycheck for taxes. People would get to keep their entire paycheck but pay a much higher sales tax.

Video Game \$50.00	Squishmallow \$25.00	Lego Set \$100.00
National Tax 23%	National Tax 23%	National Tax 23%

<div>Sales Tax \$11.50</div> <div>50.00 + 11.50 <hr/></div>	<div>Sales Tax \$5.75</div> <div>25.00 + 5.75 <hr/></div>	<div>Sales Tax \$23.00</div> <div>100.00 + 23.00 <hr/></div>
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Discussion Questions:

- Why do you think different states have different sales tax rates? Why do you think some states choose not to have a sales tax at all?
- How might different sales tax rates affect someone who lives near a state border?
- What are the advantages and disadvantages of having the same sales tax rate for every state, like the one proposed in "The Fair Tax Act of 2023"?
- What strategies can you use to calculate the total cost of an item, including sales tax?
- How can you find out the sales tax rate for your area?