Sales Tax Increase Impact Estimates

Q. What is the estimated impact in dollars for an increase in the local sales tax rate?

- To determine the annual impact in dollars related to a sales tax rate increase, we need to make assumptions and utilize certain outside information as
- First, we need to designate what is the resident income for our comparison. For this we used the Census.gov website. This site shows the Median Household Income is $71,512 and the Per Capita Income is $38,409 as of 2024.
- Second, we utilize the IRS Sales Tax Deduction Calculate to determine the baseline sales tax deduction at these income levels.
- And last, we apply a proportional increase to the total sales tax rate to determine the change in deduction based on the new rate.
- Below is a summary of the results:

IRS Sales Tax Deduction Calculator	Local Tax Rate	County/State Tax Rate	Total Tax Rate	Household of 3	Household of 2	Per Capita (Single)
Estimated Income				$ 71,512	$ 71,512	$ 38,409
Deduction at Current Sales Tax Rate	2.486%	6.900%	9.386%	$ 1,543	$ 1,402	$ 912
Impact with Sales Tax Rate Increase						
Increase with a .25% Increase	2.736%	6.900%	9.636%	$ 41	$ 37	$ 24
Increase with a .50% Increase	2.986%	6.900%	9.886%	$ 82	$ 75	$ 49

Q. How much sales tax revenue if collected at various rates?

Tax Rate	Revenue Estimate
1.00%	$ 30,000,000
0.50%	$ 15,000,000
0.40%	$ 12,000,000
0.30%	$ 9,000,000
0.25%	$ 7,500,000
0.10%	$ 3,000,000