

Tax Increase – The Big Picture

The DPA has been running a privately funded advertisement which claims that when consumers buy \$100 worth of groceries it will only cost 75 cents extra if the sales tax referendum passes. This attitude is short sided and economically unsound.

Let's assume you go to they local store and you buy \$100 worth of groceries. 1st of all, most people don't go to the grocery store once a year, they are much more likely to go every week than once a year. So, lets multiple the 75 cents by 52 which means \$39 rather than 75 cents.

\$39 dollars doesn't seem like a lot to spend for getting new, better better bricks and mortar. But this reasoning has 2 problems.

1st, groceries are not the only thing on which our consumer will be paying the added sales tax. Most everything, with a few exceptions, he/she purchases at the retail level will be permeated by the new tax. Clothes, computers, candles, canisters, calculators, carryalls, canteens, cameras, camcoders, cases, carts, and carriers, cars, construction items, cosmetics, chairs, carpet – you get the picture and that is just some of the C's.

And if concentrating only on the grocery bill, which the advertisement hopes you will, when you buy from the grocer it is not just the tax on food that increases the grocery bill. Let's assume the refrigeration unit breaks down. The grocer will pay tax on the labor to have it repaired as well as the increased sales tax on the parts used. The grocer will not absorb this extra cost, he will pass it on as a hidden cost in the price of your basket of groceries. And it is not only the price of repairing the broken refrigerator unit which will be passed along. Most grocer's lease their space. In Tennessee leases are taxed the sales tax, another charge the grocer will pass on to the consumer.

2nd, the extra money will have to come out of discretionary spending (what is left after all more or less items of necessity are paid for.) For a community that has 41% of its students classified as economically disadvantaged there can not be very much discretionary spending available.

In summary, looking at one single item which is bought one time a year doesn't seem like much to pay of a nice looking school building. But when one looks at the big picture it is more than most Athenians can afford.