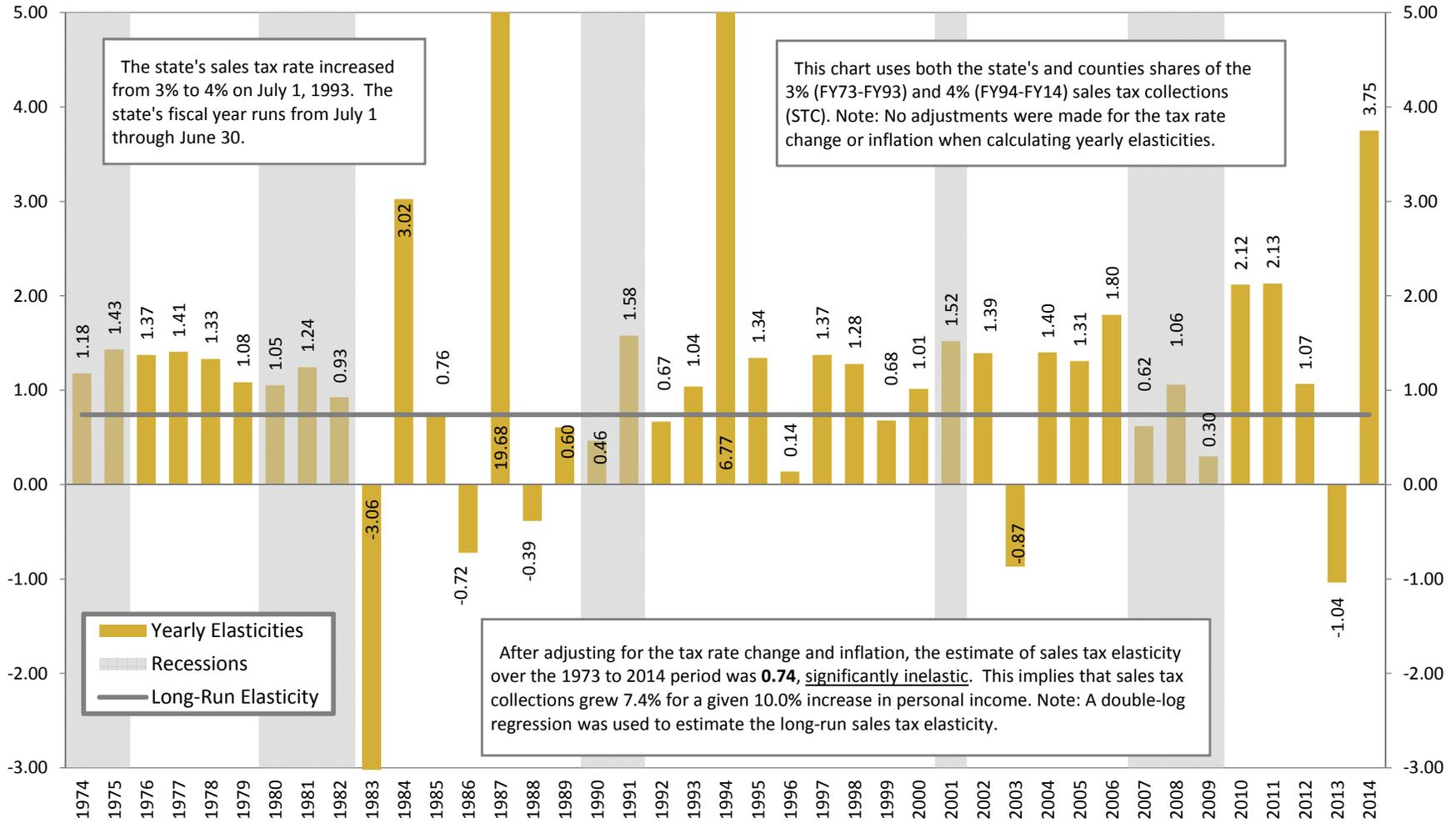


Chart 3 - Sales Tax Elasticities



The state's sales tax rate increased from 3% to 4% on July 1, 1993. The state's fiscal year runs from July 1 through June 30.

This chart uses both the state's and counties shares of the 3% (FY73-FY93) and 4% (FY94-FY14) sales tax collections (STC). Note: No adjustments were made for the tax rate change or inflation when calculating yearly elasticities.

■ Yearly Elasticities  
 Recessions  
 Long-Run Elasticity

After adjusting for the tax rate change and inflation, the estimate of sales tax elasticity over the 1973 to 2014 period was **0.74**, significantly inelastic. This implies that sales tax collections grew 7.4% for a given 10.0% increase in personal income. Note: A double-log regression was used to estimate the long-run sales tax elasticity.