

Tommy's First Bike

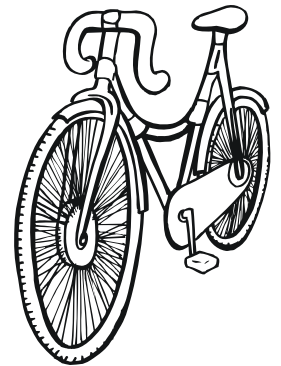
Sales Tax



Tommy lived close to school, so he walked most days. But, if he was to be a businessman, he needed reliable transportation. He needed a bike! He asked his mom about it and she said they were going to give him a new bike on his next birthday, but maybe it could be sooner.

He asked his dad about a new bike and his dad said that - if he would pay the sales tax - he could get the bike early. If he wanted to get a more expensive bike than the one they had planned, he would have to pay for it himself. Tommy said that would be GREAT and ran across the street to tell his friend Billy.

As Tommy ran across the street he stopped and looked both ways and started to think. What is *sales tax*? That night he asked his dad about sales tax. His dad told him that it is money you pay the local and state government for doing business. The money pays for different things like teacher's salaries (money) and police salaries. "How much is our tax?" Tommy asked. "Our tax is going up from 8% to 9% at the end of the month," his dad said.



If Tommy's new bike costs \$100, how much would it cost including the sales tax? How much would Tommy pay for a bike that costs \$150?

<u>Bike Cost</u>	<u>Sales Tax</u>	<u>Total Cost</u>
\$100.00	x .08 (8%) = _____ + \$100	= _____
\$100.00	x .09 (9%) = _____ + \$100	= _____
\$150.00	x .08 (8%) = _____ + \$150	= _____
\$150.00	x .09 (9%) = _____ + \$150	= _____