

Assessment

Theme 4: What Is Taxed and Why
Lesson 1: Federal/State/Local Taxes

Part 1

Match the descriptions with the correct key term. Write the letters of the correct key terms on the lines provided.

Answer Key

- A. transaction taxes
- B. individual income taxes
- C. property taxes
- D. corporate taxes
- E. motor fuel sales tax

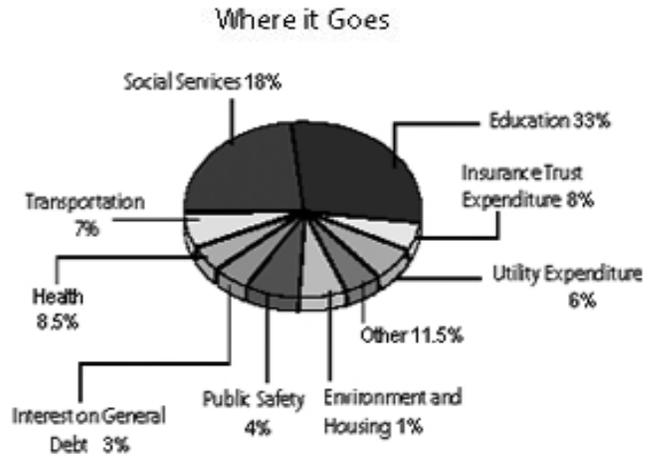
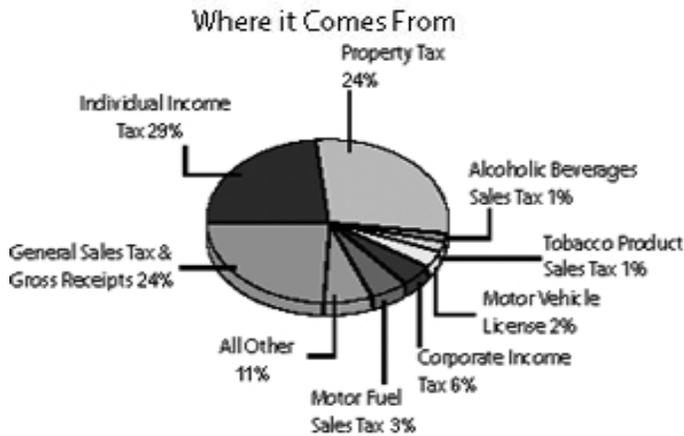
- _____ 1. The largest share of federal tax revenue comes from _____ .
- _____ 2. What homeowners pay based on the value of the residence.
- _____ 3. _____ makes up 4 percent of state and local revenue.
- _____ 4. Communities sometimes waive _____ to bring new businesses to town.
- _____ 5. Taxes collected on the sale of clothes are an example of this type of tax.

Part 2

Rank the following revenue sources in the order in which they contribute to state and local income. Use 1 to label the item that contributes the greatest amount. Use 5 for the item that contributes the least. Consult the pie chart on the next page for help. Write your answer in the space provided.

- _____ Individual income tax
- _____ Property tax
- _____ Motor fuel sales tax
- _____ All other
- _____ General sales tax and gross receipts

State and Local Revenue and Expenditures



Part 3

Match state and local expenditures to the percentage of spending. Write the letters of the correct percentages on the lines provided. Consult the pie above below for help.

Answer Key

- A. 33%
- B. 3%
- C. 4%
- D. 7%
- E. 18%

- _____ 1. Social Services
- _____ 2. Transportation
- _____ 3. Public Safety
- _____ 4. Interest on Debt
- _____ 5. Education