

Assessment Solutions

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:

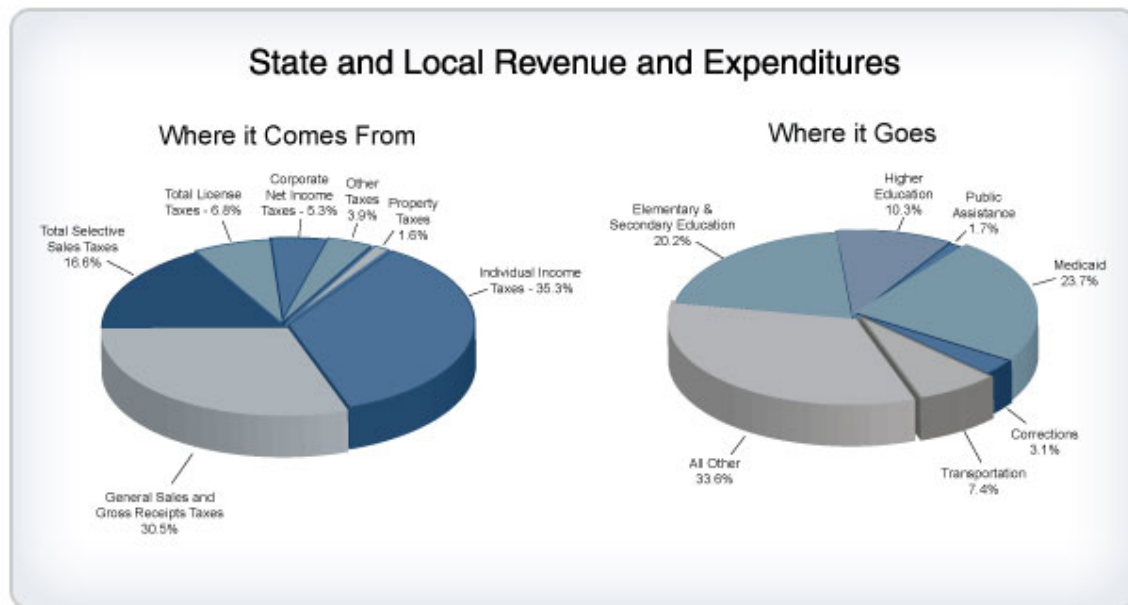
- A.** General sales taxes
- B.** Individual income taxes
- C.** Property taxes
- D.** Corporate taxes
- E.** Total license taxes

- B** 1. The largest share of federal tax revenue comes from _____.
- C** 2. What homeowners pay based on the value of the residence.
- E** 3. _____ make up 6.8 percent of state and local revenue.
- D** 4. Communities sometimes waive _____ to bring new businesses to town.
- A** 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.

- 1** Individual income tax
- 5** Property tax
- 3** License taxes
- 4** Corporate income taxes
- 2** General sales and gross receipts taxes



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. 20.2%
- B. 3.1%
- C. 1.7%
- D. 7.4%
- E. 23.7%

- E 1. Medicaid
- D 2. Transportation
- C 3. Public Assistance
- B 4. Corrections
- A 5. Elementary & Secondary Education