Teacher Lesson Plan

Theme 1: Taxes in U.S. History
Lesson 1: Evolution of Taxation in the Constitution

Time Frame
One to four hours

Curriculum Area(s)
• Civics/Government
• Economics
• Technology
• History/Social Studies

Purpose
To give students an overview of the role and purpose of taxes in American history

Objectives
Students will be able to
• identify the goals of creating taxes.
• identify different types of taxes implemented by the U.S. government.
• explain the origins of the federal income tax.

Materials
Online
PowerPoint™ Presentation— Theme 2: Taxes in U.S. History
Student Lesson— Evolution of Taxation in the U.S. Constitution
Activity 1: Taxation and the U.S. Constitution
Activity 2: Historical Views of Taxation
Activity 3: Tax Your Memory
Assessment— Evolution of Taxation in the U.S. Constitution
Assessment Solutions— Evolution of Taxation in the U.S. Constitution

Print (PDF)
Info Sheet 1— Evolution of Taxation
Info Sheet 2— Excerpts from Federalist Paper No. 30 by Alexander Hamilton
Info Sheet 3— Excerpts from Anti-Federalist Letter by Richard Henry Lee
Worksheet— The Goals Behind Taxes
Worksheet Solutions— The Goals Behind Taxes
Assessment— Evolution of Taxation in the U.S. Constitution
Assessment Solutions— Evolution of Taxation in the U.S. Constitution
Complete Lesson Pack
Web Links
Anti-Federalist Letter http://www.constitution.org/afp/fedfar03.txt

Background
American lawmakers have always worked to balance three goals in the process of creating taxes—to build revenue, to influence people’s spending habits, and to be fair to all taxpayers. Below is an overview of the evolution of taxes in the U.S. Constitution.

1781–1789
The writers of the Articles of Confederation did not support a strong federal government. Only state governments had the power to tax, and they had to turn over tax revenues to the federal government. The Constitution gave the federal government new, stronger powers to tax citizens directly. Taxes were in the form of tariffs and excise taxes, providing the federal government with ample revenue for many years. These types of taxes can be considered regressive, because people with lower incomes had to pay a higher percentage of their income than did people with higher incomes.

1862–1872
During the Civil War, the federal government required more revenue than tariffs and excise taxes could provide. A tax on income was established during the Civil War and was abolished after the war.

1913–Present
Because of industrialization and modernization, many people gained huge fortunes that were not taxed in any way. A tax on income was intended to make the system of taxation more equal. The ratification of the Sixteenth Amendment in 1913 gave Congress the right to collect income taxes. Now, people with higher incomes paid more in taxes than those with lower incomes. This form of taxation is known as a progressive tax.

Key Terms
excise tax—A tax on the sale or use of specific products or transactions.
progressive tax—A tax that takes a larger percentage of income from high-income groups than from low-income groups.
regressive tax—A tax that takes a larger percentage of income from low-income groups than from high-income groups.
revenue—The income the nation collects from taxes.
tariff—A tax on products imported from foreign countries.
Opening the Lesson
Ask students what they know about the role of taxes in American history. Show the PowerPoint™ Presentation—Theme 2: Taxes in U.S. History. Review the key terms with students.

Developing the Lesson
Distribute Info Sheet 1—Evolution of Taxation to students. Explain that the current system of taxation in the U.S. has developed over the course of more than two hundred years. Lawmakers continually change and fine-tune the system. Ask students to identify the kinds of taxes the government implemented in each time period. tariffs, excise taxes, income tax
Ask students to think of arguments for and against taxation. Answers will vary.

Online Activities
Direct students to Student Lesson—Evolution of Taxation in the U.S. Constitution.

Have students complete one or more of the following activities:
Activity 1: Taxation and the U.S. Constitution —Compare the powers of taxation granted by the Articles of Confederation and the Constitution.
Activity 2: Historical Views of Taxation —Discover how the colonists and Civil War Americans viewed taxes.
Activity 3: Tax Your Memory —Is your memory taxed? Play this game of concentration to find out.

Print Activity
Print Worksheet—The Goals Behind Taxes and distribute it to students.
Worksheet Solutions—The Goals Behind Taxes

Classroom Activity
Have students read and compare the reasons for and against granting the federal government the power to tax as argued by Federalist Alexander Hamilton and Anti-Federalist Richard

Students should identify the following points: Hamilton believed that giving the federal government the power to raise and collect taxes would provide revenue to the nation and promote stability, efficiency, and trust within the nation and among nations in the international community. Lee objected to the federal power to tax because he believed that federal laws would cancel state laws. He also thought that the national government lacked the means to collect taxes efficiently and that corruption was a possibility.
Concluding the Lesson
Have students discuss the advantages and disadvantages of the federal government’s power to raise and collect taxes. Ask students to use Info Sheet 1—Evolution of Taxation to give a brief chronology of taxes in the United States and to identify the three goals lawmakers must meet when creating taxes. **build revenue, influence spending habits, be fair to all taxpayers.**

**Online Assessment**
Direct students to complete Assessment—Evolution of Taxation in the Constitution for this lesson.
Assessment Solutions—Evolution of Taxation in the Constitution

**Print Assessment**
Print Assessment—Evolution of Taxation in the Constitution, and have students complete it on paper.
Assessment Solutions—Evolution of Taxation in the Constitution

**Links**
Go to Theme 6, Lesson 1 for more information on the history of taxes.
Go to Theme 3, Lesson 2 for more information on regressive taxes.
Go to Theme 3, Lesson 3 for more information on progressive taxes.