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 6.6 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. 19.8%
B. 3.1%
C. 1.4%
D. 7.9%
E. 24.4%

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