

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

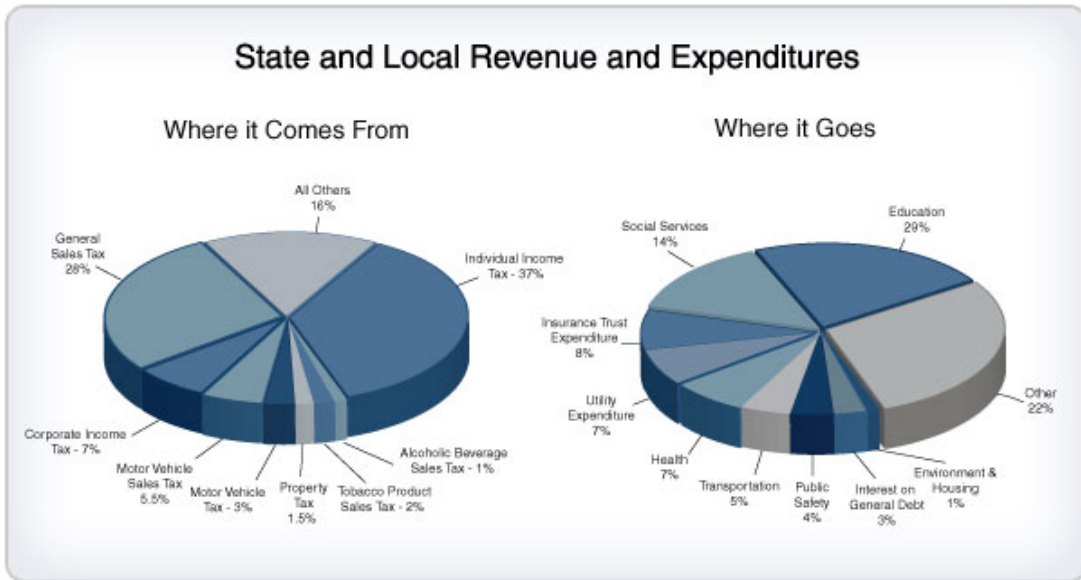
- A. general sales taxes
- B. individual income taxes
- C. property taxes
- D. corporate taxes
- E. motor vehicle sales tax

- 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. _____ makes up 5.5 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.

- 3** Individual income tax
- 1** Property tax
- 5** Motor vehicle sales tax
- 4** All other
- 2** General sales tax and gross receipts



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 chart above for help.

Answer Key

- A. 29%
- B. 3%
- C. 4%
- D. 5%
- E. 14%

- E 1. Social Services
- D 2. Transportation
- C 3. Public Safety
- B 4. Interest on Debt
- A 5. Education