Assessment

Part 1

Match the clues to the correct terms found in the answer key. Write the letter of each term in the space provided.

Answer Key:
A. fixed amount
B. income taxes
C. user fees
D. a greater proportion
E. sales tax holidays

_____ Some states have these in which no sales taxes are charged on certain items for a certain period of time.

_____ A regressive tax that may at first seem to be a fair form of taxation because everyone, regardless of income level, pays the same _____.

_____ Regressive taxes cause lower-income groups to pay _____ than wealthier groups pay.

_____ Because of their effect on lower- income groups, true regressive taxes are not used as _____ today.

_____ Many states use taxes and _____ to collect needed funds.

Part 2

Indicate whether each of the following statements below is True or False. Write your answer in the space provided.

1.   A regressive tax takes a smaller share of income from low-income groups than

      from high-income groups. _____

2.   Regressive taxes include fixed amounts of tax on each individual or household.

      _____

3. Federal taxes on alcohol and gasoline take a larger percentage of income from those with high incomes. _____

4. Sales taxes tend to be regressive because they take a larger percentage of the income of low-income taxpayers. _____

5. To make their sales taxes less regressive, many states exempt basic necessities such as food from taxation. _____

Part 3

Answer the following multiple-choice questions. Write the letter of the correct response in the space provided.

_____ 1. A regressive tax takes the largest percentage of income from which group?
A. middle-income
B. low-income
C. high-income
D. people with no income

_____ 2. Which is not an example of a commonly used regressive tax?
A. an excise tax on jewelry
B. a state driver's license
C. the federal income tax
D. a state sales tax

_____ 3. Which is not an example of a user fee?
A. state sales tax
B. hunting or fishing license fee
C. admission to museum or parks
D. tolls for roads, bridges, and tunnels

_____ 4. What is the goal of a sales tax holiday?
A. to make the sales tax less regressive
B. to encourage people to buy cheaper clothes
C. to encourage people to buy more expensive computers
D. to encourage people to buy more food

_____ 5. Most states do not tax
A. cigarettes
B. clothing
C. food
D. sporting goods