Assessment Solutions

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
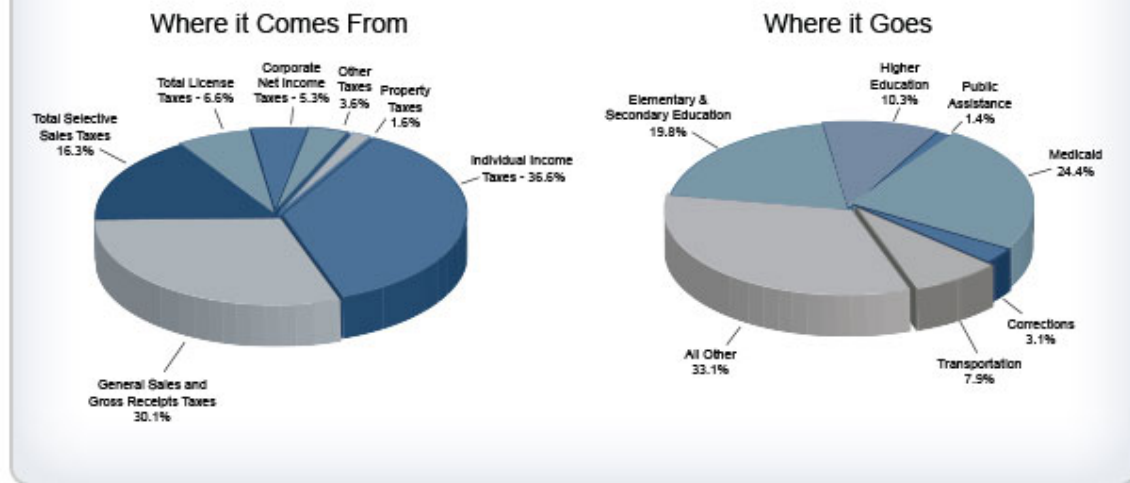**D.** Corporate taxes
E. Total license taxes

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

State and Local Revenue and Expenditures

Where it Comes From

- Total License Taxes - 6.6%
- Corporate Net Income Taxes - 5.3%
- Other Taxes 3.6%
- Property Taxes 1.6%
- Total Selective Sales Taxes 16.3%
- Individual Income Taxes - 36.6%
- General Sales and Gross Receipts Taxes 30.1%

Where it Goes

- Higher Education 10.3%
- Public Assistance 1.4%
- Elementary & Secondary Education 19.8%
- Medicaid 24.4%
- All Other 33.1%
- Corrections 3.1%
- Transportation 7.9%

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