

Unit 7

TAXES AND GOVERNMENT SPENDING

Different Types of Revenue

- Taxes: Money we have to pay to the government
 - Income
 - Sales
 - Property
- Fees: pay to use government facilities
 - Basketball/tennis courts
 - Bbq at parks
 - Dumps

Different Types of Revenue

- Fines: Money you pay if you did something wrong
 - Parking tickets
 - Littering
- Tariffs: Tax on imports
 - Money we pay to bring goods from other countries
 - Indirect tax

Taxes

- Progressive Tax: The more you make the more you pay
- Regressive Tax: Everyone pays the same amount regardless of income
- Direct Tax: Obvious tax, seen on receipts or other paperwork
- Indirect Tax: Tax that you pay because it's included in price of item (not listed in a receipt)

You can't avoid death and taxes...

- Excise Tax: “Sin tax” Tax on nonessential items
 - Alcohol, cigarettes, gasoline
- Sales Tax: Tax on items we buy (not in all states)
- Inheritance Tax: AKA “Death Tax” paid to government when you get something from relative who dies
- Payroll Tax: Paid by you and your employer

You can't avoid death and taxes...

- Income Tax: Money you pay to the government for the money you make (some states don't have this)
 - Includes dividends
- Property Tax: Money you pay on the “big ticket” items you own
 - Homes
 - Cars (not in every state)

Government Expenditures

- Examples:
 - Infrastructure (roads, sewers, water mains, transportation)
 - Education
 - Prisons
 - Welfare programs (Social Security, WIC, Health Care)
 - Defense

Subsidies: Government spends money to keep a business going

- Pros:
 - Helps keep jobs
 - Expand non-lucrative business (green energy)
 - Keep big business from failing
- Cons:
 - Higher taxes
 - Higher debt (remember the debt clock)