

# Section 1: Quiz

## What Are Taxes?



### A. Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

#### Column I

- \_\_\_\_\_ 1. income
- \_\_\_\_\_ 2. a tax in which the percentage paid increases as income increases
- \_\_\_\_\_ 3. a tax in which the percentage paid decreases as income increases
- \_\_\_\_\_ 4. income, property, good, or service that is subject to tax

#### Column II

- a. tax base
- b. revenue
- c. progressive tax
- d. regressive tax

### B. Main Ideas

Write the letter of the correct answer in the blank provided.

- \_\_\_\_\_ 5. What gives the U.S. government the right to collect taxes?
  - a. custom of government
  - b. state laws in all 52 states
  - c. the U.S. Constitution
  - d. an act of the U.S. Congress
- \_\_\_\_\_ 6. What does the "equity" of a tax mean?
  - a. The tax is simple to collect.
  - b. The tax is fairly assessed.
  - c. The tax is paid equally by everyone.
  - d. The tax is paid only by those who will use the service it provides.
- \_\_\_\_\_ 7. What happens to the percentage of an income that is taxed when income rises and the tax is a proportional one?
  - a. The percentage of tax falls.
  - b. The percentage of tax rises.
  - c. The percentage of tax first rises and then falls.
  - d. The percentage of tax stays the same.
- \_\_\_\_\_ 8. How would you describe a tax that is assessed according to the benefits-received principle?
  - a. Those who receive direct payments of the money the tax generates are the people who pay the tax.
  - b. Those who receive the benefits the tax provides are the people who pay the tax.
  - c. One group of people receives benefits from the tax but another group pays the tax.
  - d. All groups receive benefits from the tax but not all groups pay equally.
- \_\_\_\_\_ 9. On which of the following goods or services might a tax increase be hardest to pass on to consumers?
  - a. gasoline
  - b. groceries
  - c. automatic car washes
  - d. prescription medications
- \_\_\_\_\_ 10. What determines the incidence of a tax?
  - a. the elasticity of demand of the product taxed
  - b. the laws of the government that imposes the tax
  - c. the wealth of the people who are taxed
  - d. the willingness to pay of the people who are taxed



## Section 2: Quiz

# Federal Taxes



### A. Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

#### Column I

- \_\_\_\_\_ 1. national health insurance program for people over age 65
- \_\_\_\_\_ 2. an amount that can be subtracted from income when filing taxes
- \_\_\_\_\_ 3. taking out a part of income as it is earned for taxes
- \_\_\_\_\_ 4. a form that the taxpayer files with the government
- \_\_\_\_\_ 5. tax on foreign goods brought into the United States

#### Column II

- a. withholding
- b. tax return
- c. deduction
- d. tariff
- e. Medicare

### B. Main Ideas

Write the letter of the correct answer in the blank provided.

- \_\_\_\_\_ 6. What is the main purpose of federal taxes on tobacco and alcohol products?
  - a. to raise money for the government
  - b. to make it expensive to import these products
  - c. to make it harder for companies to sell these products
  - d. to discourage the use of these products
- \_\_\_\_\_ 7. What is the difference between an estate tax and a gift tax?
  - a. An estate tax is assessed on all inherited money; a gift tax is only assessed on amounts over \$5,000.
  - b. An estate tax is a tax on the money and property of someone who has died; a gift tax is a tax on money or property given from one living person to another.
  - c. An estate tax is paid by the executor of an estate; a gift tax is paid by both parties of the gift.
  - d. An estate tax is paid on money; a gift tax is paid on money and property.
- \_\_\_\_\_ 8. Why does the federal government collect income taxes in installments rather than waiting until the end of the year?
  - a. It is easier for taxpayers to pay that way, but inconvenient for the government.
  - b. It is easier for the government to collect that way, but harder for taxpayers.
  - c. It is more convenient for the government and taxpayers to collect in installments.
  - d. It is optional; people may pay all their taxes at once at the end of the year.
- \_\_\_\_\_ 9. How much of the federal government's income comes from individual income tax?
  - a. 17 percent
  - b. 27 percent
  - c. 47 percent
  - d. 77 percent
- \_\_\_\_\_ 10. How is the federal income tax a progressive tax?
  - a. The higher the income a person has, the higher the percentage that person pays in tax.
  - b. A person with a higher income pays more money in taxes, although the percentage he or she pays as tax is less.
  - c. Two married people who file their taxes together will pay more taxes than a single person will.
  - d. Children pay no taxes, regardless of whether they earn a large income.



## Section 3: Quiz

# Federal Spending



### A. Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

#### Column I

- \_\_\_\_\_ 1. social welfare programs from which people benefit if they meet certain eligibility requirements
- \_\_\_\_\_ 2. money lawmakers have a choice about spending
- \_\_\_\_\_ 3. benefits paid to retired and disabled workers
- \_\_\_\_\_ 4. money lawmakers are required to spend on certain programs

#### Column II

- a. mandatory spending
- b. discretionary spending
- c. entitlements
- d. Social Security

### B. Main Ideas

Write the letter of the correct answer in the blank provided.

- \_\_\_\_\_ 5. Approximately what percentage of the national budget is spent on defense?
  - a. 5 percent
  - b. 15 percent
  - c. 25 percent
  - d. 45 percent
- \_\_\_\_\_ 6. What is the difference between Medicare and Medicaid?
  - a. Medicare is for people over age 65, whereas Medicaid is for low-income families.
  - b. Medicare is for adults, whereas Medicaid is for children under 16 years old.
  - c. Medicare is a program of the individual states, whereas Medicaid is a federal program.
  - d. There is no difference; they are different names for the same program.
- \_\_\_\_\_ 7. What is a "means-tested" program?
  - a. one with no federal entitlements
  - b. one that depends on age-related criteria for benefits
  - c. one for which those with higher incomes receive lower benefits or no benefits at all
  - d. one for which the recipient must have contributed to it in order to qualify for benefits
- \_\_\_\_\_ 8. What is the largest category of federal spending?
  - a. foreign aid
  - b. law enforcement
  - c. education and training
  - d. Social Security
- \_\_\_\_\_ 9. What is one reason the government has only limited control of its spending?
  - a. When criteria have been set for a program there is no control of how many people will qualify.
  - b. Congress can change the number of people who qualify for a program but not how much they will receive.
  - c. The government cannot control how much money will be spent on education in a given year.
  - d. When the government starts some programs it does not know what they will cost.
- \_\_\_\_\_ 10. Why are Social Security and Medicare spending expected to increase further in the near future?
  - a. The amounts people receive are expected to take a big jump.
  - b. The baby boomer generation will qualify for both programs.
  - c. The people who qualify will all receive the maximum benefit.
  - d. The generation over age 85 will qualify for expensive medical programs.



# State and Local Taxes and Spending



## A. Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

### Column I

- \_\_\_\_\_ 1. spending that is equivalent to revenue
- \_\_\_\_\_ 2. spending for major investments such as roads
- \_\_\_\_\_ 3. assets such as land and buildings
- \_\_\_\_\_ 4. spending for day-to-day expenses
- \_\_\_\_\_ 5. assets such as furniture, boats, and jewelry

### Column II

- a. personal property
- b. operating budget
- c. balanced budget
- d. capital budget
- e. real property

## B. Main Ideas

Write the letter of the correct answer in the blank provided.

- \_\_\_\_\_ 6. What is the major source of revenue for most state governments?
  - a. sales and individual income taxes
  - b. property and gasoline taxes
  - c. alcohol and tobacco taxes
  - d. business income and licensing taxes
- \_\_\_\_\_ 7. How do most states finance their capital budget?
  - a. sales or excise taxes
  - b. income and property taxes
  - c. long-term borrowing or sale of bonds
  - d. personal property or inheritance taxes
- \_\_\_\_\_ 8. What are the main sources of revenue for local governments?
  - a. state grants
  - b. federal grants
  - c. income tax
  - d. property taxes
- \_\_\_\_\_ 9. How does the concept of a balanced budget apply to state government?
  - a. Only the capital budget must be balanced.
  - b. Only the operating budget must be balanced.
  - c. Both the operating budget and the capital budget must be balanced.
  - d. Neither the operating budget nor the capital budget must be balanced.
- \_\_\_\_\_ 10. For which expense do state governments provide financial help to their local governments?
  - a. parks and recreation
  - b. trash and garbage collection
  - c. election supervision
  - d. public school systems