

Tax Dollars at Work

See how three levels of government use taxes to support economic activity.

SS.7.E.2.1 "Explain how federal, state, and local taxes support the economy as a function of the United States government."

NAME _____

DATE _____

1 READ AND MARK _____ Read it twice

YOUR JOB In each paragraph, underline one tax source or collecting government, circle two services it supports, and box one sentence that explains how those services help the economy.

How Taxes Keep Communities Moving

- ① Taxes are money collected by governments from people and businesses. In the United States, the federal government collects taxes, including individual income taxes and payroll taxes. Federal tax dollars help pay for national defense, interstate highways, scientific research, and programs such as Social Security and Medicare. These choices can support the economy. A highway network helps trucks move goods across state lines, while research can lead to new products, jobs, and businesses. Federal spending can also provide income and health support to eligible people.
- ② State governments collect taxes such as sales and income taxes. They use revenue for public schools, state roads, public colleges, health services, and some business regulation. When a state maintains roads and bridges, workers can reach jobs and companies can deliver supplies more reliably. Public schools and colleges build skills that employers need. State health programs can help eligible residents get care, which may reduce missed work and protect families from large medical costs. States decide how to spend money within their budgets.
- ③ Local governments, including counties, cities, and school districts, collect taxes and fees. Property taxes are an important local source in many communities. Local revenue can pay for firefighters, police, libraries, parks, water systems, trash collection, and local streets. A safe water system and dependable trash pickup protect public health. Parks and libraries provide shared places and services that families and businesses may use. By providing services that individuals cannot easily organize alone, local governments help communities function and can make an area more attractive to workers and employers.

2 ANSWER WITH EVIDENCE _____ Use the passage

1 Name two services supported by federal taxes. Explain how one of them can support the economy.

2 How can state spending on roads and bridges help both workers and companies?

3 What is one important local tax source named in the passage? Name two services it can help pay for.

4 Why can public schools, colleges, and local libraries support the economy? Use information from the passage.

3 YOUR TURN _____ Your own words

Imagine a growing community needs safer travel and stronger job skills. Write 4 or 5 sentences explaining one federal, one state, and one local tax-supported service that could help, and explain how each service supports the economy.

PART 1 • READ AND MARK

In each paragraph, underline one tax source or collecting government, circle two services it supports, and box one sentence that explains how those services help the economy. Accept any marking that follows this job and points at the right text.

PART 2 • ANSWERS

#	QUESTION	ANSWER
1	Name two services supported by federal taxes. Explain how one of them can support the economy.	Federal taxes support services such as interstate highways, scientific research, national defense, Social Security, and Medicare. Interstate highways help trucks move goods across state lines.
2	How can state spending on roads and bridges help both workers and companies?	Maintained roads and bridges help workers reach jobs and help companies deliver supplies more reliably.
3	What is one important local tax source named in the passage? Name two services it can help pay for.	Property taxes are an important local source in many communities. They can help pay for services such as firefighters, police, libraries, parks, water systems, trash collection, and local streets.
4	Why can public schools, colleges, and local libraries support the economy? Use information from the passage.	Public schools and colleges build skills employers need. Libraries provide shared services that families and businesses may use, helping communities function and attract workers and employers.

PART 3 • YOUR TURN (SAMPLE ANSWER)

Federal taxes could support repairs to an interstate highway near the community, helping trucks carry goods to markets. State taxes could support a public college training program, helping residents qualify for skilled jobs. Local property taxes could support safer local streets and a library with job-search resources. Together, these services can help businesses hire workers, move supplies, and serve customers.

Accept other accurate services named in the passage when students correctly connect them to an economic effect. For the open response, look for all three levels of government, a plausible tax-supported service for each, and clear cause-and-effect reasoning.