Who Pays for What?

Compare tax sources and public services across three levels of government.

9-12.GOV.28 "Compare the types and purposes of taxation that are used by local, state, and federal governments to pay for services provided by the government."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline the first mention of each tax type, circle a service it can help fund, and label the underlined tax L, S, or F for local, state, or federal government.

A Day Paid for by Taxes

1. At the start of a school day, students pass a fire station and enter a public school. Both services may rely on local taxes. A city or county often collects property tax based on the assessed value of land and buildings. A school district may collect property tax too. That revenue can help pay teachers, classroom supplies, and firefighters, depending on the local budget. Unlike a tax on a purchase, a property tax is tied to ownership. A renter may not receive a property tax bill, but the landlord's tax costs can affect the rent.

2. Later, a family buys notebooks and fills a car's tank. In many states, sales tax applies to taxable purchases such as notebooks, while a state gasoline excise tax applies to each gallon of fuel. States can use sales tax revenue to help fund public education and other statewide services. Many states use gasoline tax revenue for transportation, such as maintaining state highways. The two taxes reach different activities: shopping and fuel use. Rates and rules vary by state, and some states do not have a statewide sales tax. Local property taxes, in contrast, depend on assessed property value rather than purchases or fuel use.

3. An interstate highway connects that community to others across state lines. The federal government collects individual income tax on taxable income and can use that revenue for national defense and grants that support transportation projects. It also collects payroll taxes from wages to help finance Social Security and Medicare. Income tax and payroll tax may both come from earnings, but they serve different purposes: payroll taxes are dedicated to those two programs, while income tax supports a wider range of federal spending. Federal transportation grants can work alongside state gasoline tax revenue, so different levels of government may help pay for connected services.

2 ANSWER WITH EVIDENCE

Use the passage

1. How do local property tax and state sales tax differ in what is taxed and in one service each can help fund?

2. Compare state sales tax and state gasoline excise tax. What activity does each tax, and what can each help pay for?

3. How do federal individual income tax and federal payroll taxes differ in what they help pay for?

4. How can state and federal taxes both support transportation, and which tax source does the passage name for each level?

3 YOUR TURN

Your own words

A town wants to expand its bus service. In four sentences, compare two tax sources from different levels of government in the passage. Explain what each tax is based on, how each level could use its revenue to help fund buses, and one difference in the spending decisions each level would make.

ANSWER KEY

Who Pays for What?

HIGH SCHOOL · 9-12.GOV.28

PART 1 · READ AND MARK

Underline the first mention of each tax type, circle a service it can help fund, and label the underlined tax L, S, or F for local, state, or federal government. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How do local property tax and state sales tax differ in what is taxed and in one service each can help fund?	**Local property tax is based on assessed property value and can help fund schools or firefighters. State sales tax applies to taxable purchases and can help fund public education.**
2	Compare state sales tax and state gasoline excise tax. What activity does each tax, and what can each help pay for?	**Sales tax applies to taxable purchases and can help fund public education or other statewide services. Gasoline excise tax applies to gallons of fuel and can help fund transportation, such as state highways.**
3	How do federal individual income tax and federal payroll taxes differ in what they help pay for?	**Individual income tax can support a broad range of spending, including national defense and transportation grants. Payroll taxes help finance Social Security and Medicare.**
4	How can state and federal taxes both support transportation, and which tax source does the passage name for each level?	**States can use gasoline excise tax revenue for transportation, such as state highways. The federal government can use individual income tax revenue for grants that support transportation projects.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

A town could consider using local property tax revenue for buses if its budget allows. Property tax is based on assessed property value, and local officials could direct some revenue to bus service. The federal government collects income tax on taxable income and could offer a transportation grant that helps pay for the expansion. Local officials would decide whether to use their revenue for buses, while federal officials would decide whether to offer the grant.

Accept other accurate tax pairs from different government levels. Responses should treat bus funding as a possible budget decision, not an automatic use of a tax.