

Where Public Money Comes From

Identify four ways state and local governments raise money.

7.14.B "identify major sources of revenue for state and local governments such as property taxes, sales taxes, bonds, and fees."

NAME _____

DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline each word or phrase that names a government revenue source. Then number the four different sources in the order the passage explains them.

Funding Riverton's Services

- ① On a Monday, the city of Riverton opens its budget meeting. A budget is a plan for collecting and spending public money. City services include street repairs, the library, parks, and fire protection. To pay for these services, local governments use several revenue sources. Revenue is money that comes into government. Each source works differently, and residents can see some of them in everyday purchases or bills. Others are approved by voters for a particular project.
- ② Property taxes are based on the value of land and buildings, such as homes, stores, and offices. A county, city, or school district may collect property taxes to support local services. Sales taxes are added to the price of many items people buy. When shoppers purchase taxable goods, the seller collects the sales tax and sends it to the government. Sales tax revenue can rise or fall as spending changes. Some items may be exempt under state law.
- ③ Sometimes a government needs a large amount of money before it can build a bridge or improve a water system. It may sell bonds, which are loans from investors. Bond money can fund the project now, but the government must repay the borrowed amount with interest over time. Fees are charges for specific services or uses, such as a recreation program registration or a building permit. Governments use fee money to help provide or manage those services.

2 ANSWER WITH EVIDENCE _____ Use the passage

1 Which revenue source is based on the value of land and buildings?

2 What revenue source is added to the price of many items people buy?

3 How do bonds give a government money for a project, and what must the government do later?

4 What are fees? Give one example from the passage.

3 YOUR TURN _____ Your own words

Imagine Riverton needs street repairs, longer library hours, a recreation program, and bridge repair. Complete one row for each revenue source, explain how the government raises the money, and name one listed need that the money could support.

REVENUE SOURCE	HOW THE GOVERNMENT RAISES MONEY	NEED THE MONEY COULD SUPPORT

PART 1 • READ AND MARK

Underline each word or phrase that names a government revenue source. Then number the four different sources in the order the passage explains them. Accept any marking that follows this job and points at the right text.

PART 2 • ANSWERS

#	QUESTION	ANSWER
1	Which revenue source is based on the value of land and buildings?	Property taxes.
2	What revenue source is added to the price of many items people buy?	Sales taxes.
3	How do bonds give a government money for a project, and what must the government do later?	The government sells bonds, which are loans from investors. It must repay the borrowed money with interest over time.
4	What are fees? Give one example from the passage.	Fees are charges for specific services or uses. Examples include recreation program registration or a building permit.

PART 3 • YOUR TURN (SAMPLE ANSWER)

REVENUE SOURCE	HOW THE GOVERNMENT RAISES MONEY	NEED THE MONEY COULD SUPPORT
Property taxes	Taxes collected based on the value of homes, stores, and other property	Longer library hours
Sales taxes	Tax added to purchases of taxable goods	Street repairs
Bonds	Money borrowed from investors and repaid with interest over time	Bridge repair
Fees	Charges for a specific service, such as recreation registration	Recreation program

Accept the four sources named in the passage: property taxes, sales taxes, bonds, and fees. In Part 3, each row should accurately explain how the source raises money and connect its proceeds to one of the listed public needs.