

Name _____

Tax Tales: Understanding Federal, State, and Local Taxes

Multiple Choice Questions

1. What is the primary source of revenue for the federal government?
 - a) Sales Tax
 - b) Income Tax
 - c) Property Tax
 - d) Payroll Tax

2. Which type of tax is used to discourage the use of specific products like tobacco and alcohol?
 - a) Income Tax
 - b) Sales Tax
 - c) Property Tax
 - d) Excise Tax

3. Where does the revenue from state income taxes typically go?
 - a) National defense
 - b) Local schools and transportation
 - c) Social Security
 - d) State-specific industries

4. What is the main purpose of local property taxes?
 - a) Supporting state-level services
 - b) Funding national infrastructure projects
 - c) Funding local services like schools and libraries
 - d) Discouraging property ownership

5. Why are taxes important for maintaining economic stability?
 - a) They encourage income inequality
 - b) They discourage economic activities
 - c) They can be adjusted to stabilize the economy
 - d) They only benefit the wealthy

