

Government Budgets

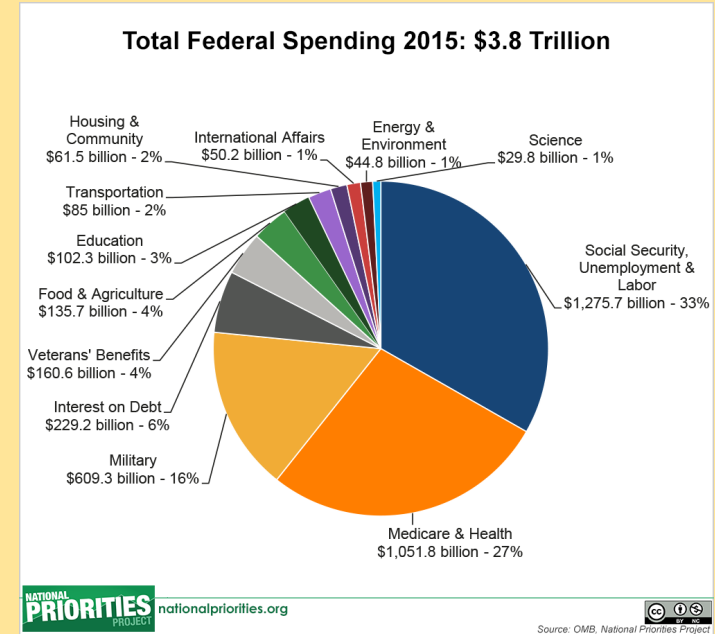
Budgets

Governments must come up with a plan for income and expenses just like individuals do

Only the government's plan is much bigger and more complicated!

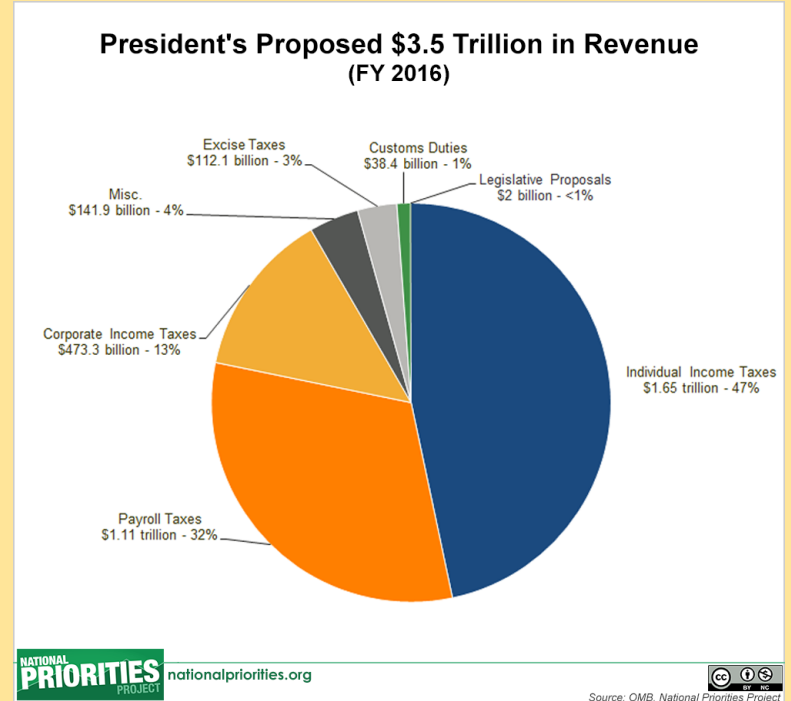
For example; there are millions of government employees to pay.

60% to 80% of government revenues come from taxes



Taxes

Citizens in every functioning government of the world pay taxes.

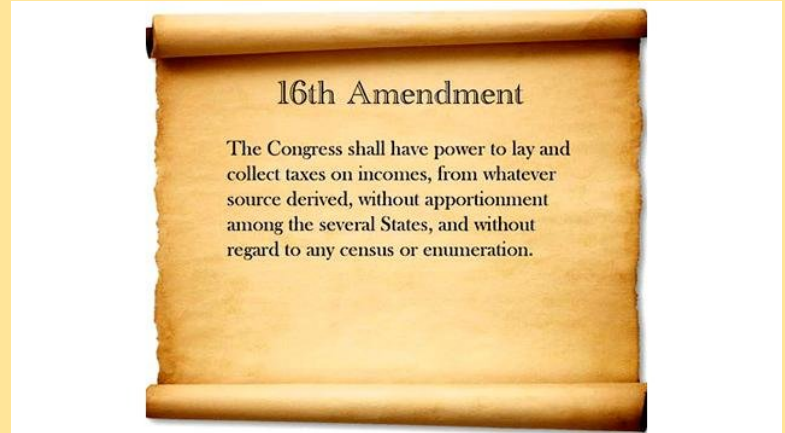


Limits on Taxes

All federal taxation bills must begin in the House of Representatives (Power of the Purse)

Congress cannot tax interstate trade or U.S. exports

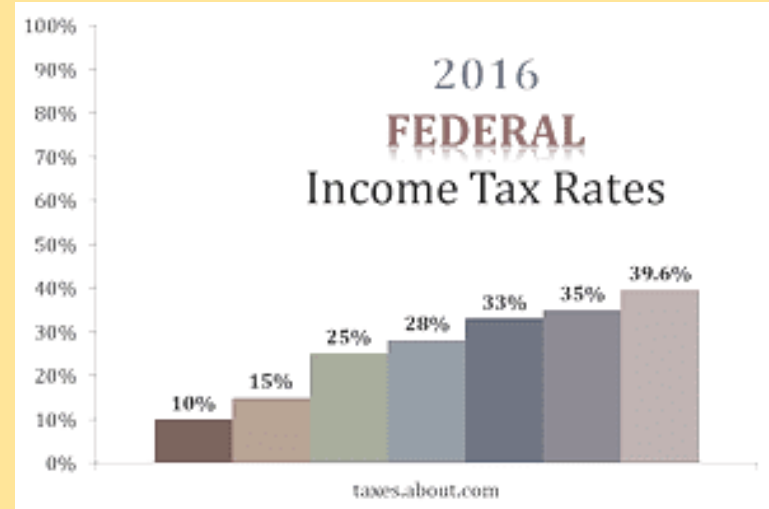
16th amendment allowed Congress to charge an **income tax**-a tax on what people earn; #1 source of Federal Revenue



Types of Taxes

Progressive Taxation-a tax policy based on a higher percentage being paid the more an individual earns (those who earn less pay 0%; those who earn over \$200,000 pay 40%)

Regressive Taxation-a higher percentage of a person's income is paid the less they earn (ex. Everyone pays \$500 a year regardless of income)



Property Tax

Property Taxes-the number one source of income for local governments; a tax is paid based on the value of the property you own (ex. \$.09 per \$100 dollars of property)

This is a stable source of revenue



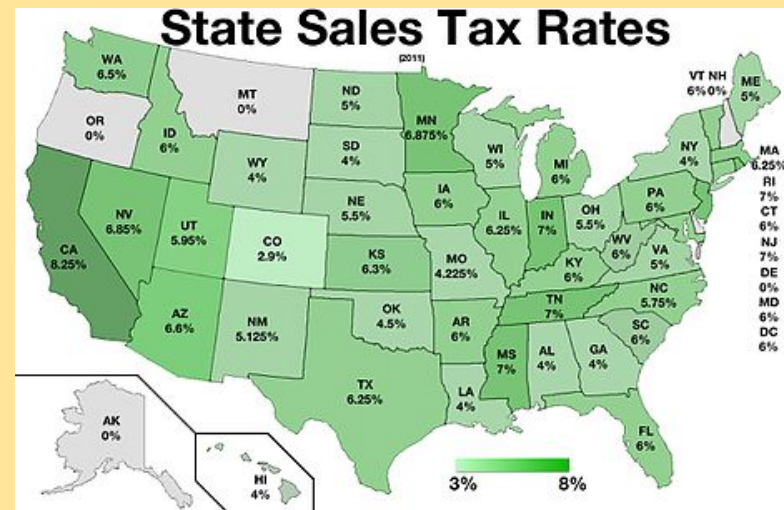
Sales Tax

Sales tax-usually charged by state governments (NC has a state sales tax)

Easy to collect (cash registers automatically charge it)

Sales taxes are a regressive tax

Excise or “sin” tax-an extra sales tax that is placed on items like alcohol, cigarettes, and gasoline.



Other Taxes

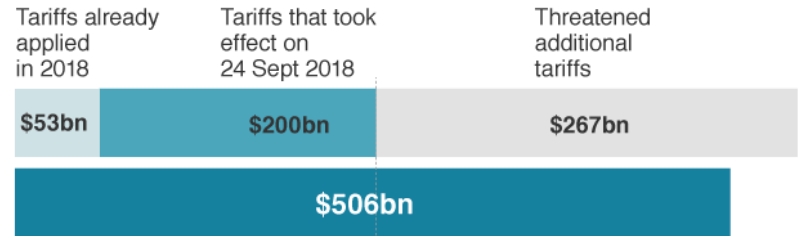
Social Security Taxes-portion of paycheck withheld to pay for social security

Estate Taxes-extra taxes paid on property and wealth upon death

Tariffs-taxes the federal government can charge on imports from foreign nations (ex. We have been charging a tariff on Chinese steel to make it more expensive than American steel and to punish China for charging tariffs on our goods.

US and China's tariffs against each other

US imports from China



2017 total import of goods (most recent annual figure)

Chinese imports from US



2017 total import of goods (most recent annual figure)

Note: Data as of 24 September 2018

Source: US Census Bureau, BBC research

Non Tax Revenues

Intergovernmental Revenue-when the federal government gives grants to state and local governments to help them pay for things

Selling government land or property

Tolls-fees charged to use roads and bridges

Fines-parking tickets, speeding tickets, etc.

Permits

Lotteries

