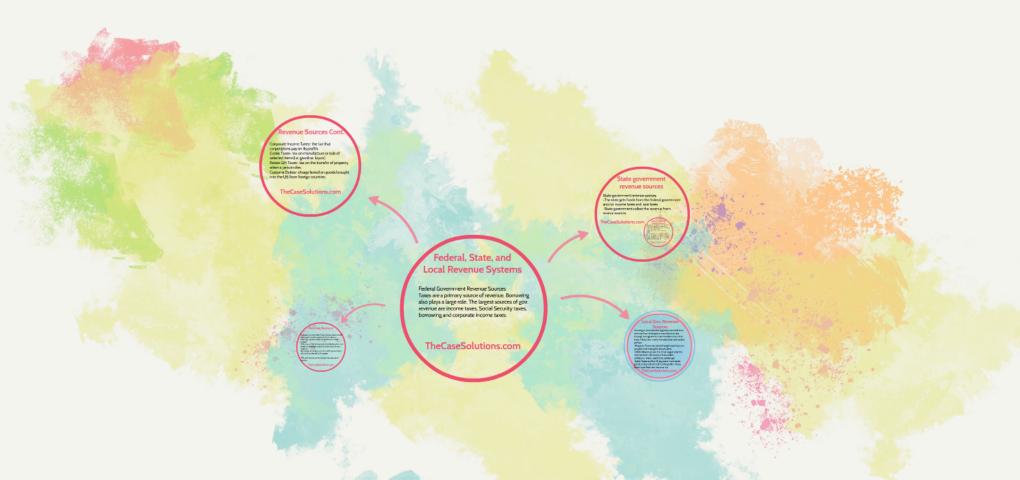


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## Federal, State, and Local Revenue Systems

Federal Government Revenue Sources
Taxes are a primary source of revenue. Borrowing also plays a large role. The largest sources of gov. revenue are income taxes, Social Security taxes, borrowing and corporate income taxes.

### **Revenue Sources**

Individual Income Taxes- taxes that are automatically taken out of workers paychecks by employers.

Indexing is done to adjust tax brackets to offset inflation.

FICA Taxes- Federal Insurance Contributions Act, a tax levied on all workers to pay for Social Security and Medicare

Borrowing- 3rd largest source in which governments sell stocks and bonds to its people

FICA and Income are the two primary sources of revenue

#### Revenue Sources Cont.

Corporate Income Taxes- the tax that corporations pay on its profits

Excise Taxes- tax on manufacture or sale of selected items(i.e. gasoline, liquor)

Estate Gift Taxes- tax on the transfer of property when a person dies

Customs Duties- charge levied on goods brought into the US from foreign countries

### State government revenue sources

State government revenue sources

- -The state gets funds from the federal government and/or income taxes and sale taxes
- -State government collect the revenue from several sources

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#### State government revenue sources

- -The largest source of state revenue consist of intergovernmental revenue, which is funds collected by one level of government and given to another level of government.
- -Some state you sales tax to add to there revenue.
- -Sales tax is tax levied on consumer purchases. -States may also rely on interest earnings on surplus funds, tuition and fees from state owned colleges/university / technical schools; corporate income taxes and hospital fees.

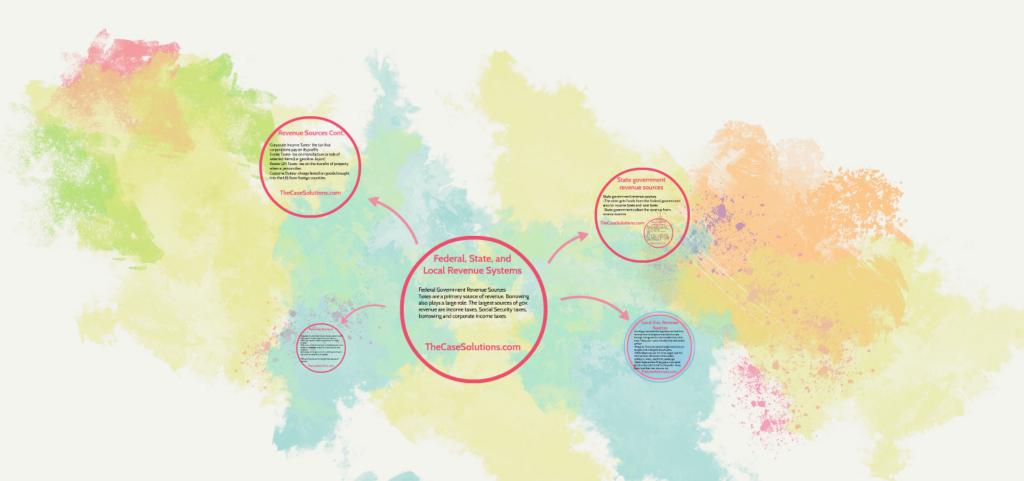
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## Local Gov. Revenue Sources

- -Local gov. receives the largest amount of their revenue from intergovernmental revenues through intergovernmental transfers from the state. These are mostly for education and public welfare.
- -Property Taxes are second largest and taxes on tangible and intangible possessions.
- -Utility Revenues are the third largest and the revenue from the income from public utilities(i.e. water, electricity, sewerage)
- -Sales Taxes are fourth largest and are taxes goods and products sold to the public. Many cities have their own income tax.



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