Not All Taxes Are Created Equal

Worksheet

Name: __________________________
Date: __________________________

1. Most taxes can be divided into three buckets: Taxes on what you ____________, taxes on what you ____________, and taxes on what you ____________.

2. Taxes on the most mobile factors in the economy, such as capital, cause the ( MOST | LEAST ) distortions and have the ( MOST | LEAST ) negative impact. Taxes on factors that can't easily be moved, such as land, are the ( MOST | LEAST ) stable and ( MOST | LEAST ) distortive.

3. TRUE | FALSE: Payroll taxes are one of the most harmful ways to raise revenue.

4. TRUE | FALSE: Individual income taxes have a negative effect on the economy.

5. Gross receipts taxes (GRTs) are applied to ________________________, regardless of profitability and without deductions for business expenses.

6. “Tax pyramiding” is when:

7. What is the best federal tax policy change to produce economic growth?

8. Because of their ________________________, excise taxes distort production and consumption choices.

9. Property taxes are ( MORE | LESS ) distortive than capital and income taxes.

10. Which tax policy delivers the best “bang for your buck?”