

ACTIVITY 7.1

CARDS

Directions to the teacher: See Lesson Procedure 12. Distribute one card to each student group.

Card 1: Excise Tax on Gasoline

Description: The federal excise tax on gasoline is 18.4 cents per gallon. Most revenue from the tax goes to fund federal highways. State taxes on gasoline range from 7.5 cents per gallon to 36 cents per gallon.

Proposal: Both the federal and state governments will double the excise tax on gasoline.

Card 2: Estate Tax

Description: The U.S. federal estate tax is to be repealed in the year 2010. This means that the families of people who die in 2010 will not be subject to paying a tax on their estate.

Proposal: Beginning in 2011, estates above \$1,000,000 will be subject to an estate tax.

Card 3: Federal Income Tax on Wages

Description: The federal government taxes wage income. The amount of this tax can be as high as a marginal tax rate of 35% for high-income households (wage income above \$357,700 in 2008). This means that for each additional dollar earned, 35 cents is paid as federal tax.

Proposal: Increase the marginal tax rate in the top tax bracket to 70%.

ACTIVITY 7.1, CONTINUED

CARDS

Card 4: Capital Gains Tax

Description: Capital gains taxes are taxes that are paid when an asset such as stock or a house has appreciated in value and is sold for a higher price. Currently, most long-term capital gains on stock are taxed at 15%.

Proposal: Congress will eliminate the tax on all capital gains.

Card 5: Deductions for Children on Federal Income Tax Forms

Description: For each child in a household, a deduction (reduction in taxable income) is given. In 2008, this deduction was \$3,500 per qualifying child. If a family had a taxable income of \$75,000, a child would reduce the family's tax bill by \$875.

Proposal: Double the deduction for children.

Card 6: Gas-Guzzler Tax

Description: The federal government taxes passenger cars under 6,000 pounds that do not get at least 22.5 miles per gallon. This law does not apply to light trucks or SUVs. An automobile whose mileage is 22 miles per gallon or lower would be subject to a tax of \$1,000.

Proposal: The federal government will double the tax on gas guzzlers.

Card 7: Excise Tax on Fishing Rods

Description: The federal government places a 10% excise tax on fishing rods and other fishing equipment. The proceeds from the tax, over \$400 million in 2008, go to state programs to develop and enhance fishing resources.

Proposal: The federal government will increase the excise tax on fishing rods to 20%.

ACTIVITY 7.1, CONTINUED

CARDS

Card 8: Excise Tax on Wine

Description: The federal government imposes a tax of 21 cents per bottle of wine. Some states have additional taxes on wine; other states regulate the sale of wine.

Proposal: Increase the federal tax on wine to \$1.00 a bottle.

Card 9: Property Taxes

Description: A city currently charges a tax on the value of property in the city. The millage rate charged by the city is 5 mills per dollar of value, which is equivalent to \$5 of tax for every thousand dollars of value. A mill is one thousandth; thus a property valued at \$100,000 would pay \$500 in tax.

Proposal: The city will increase the millage rate to 10 mills.

Card 10: Tariff on Tennis Rackets

Description: The United States charges a tariff of 3.9% on tennis rackets imported from many countries.

Proposal: The United States will increase the tariff to 20%.

