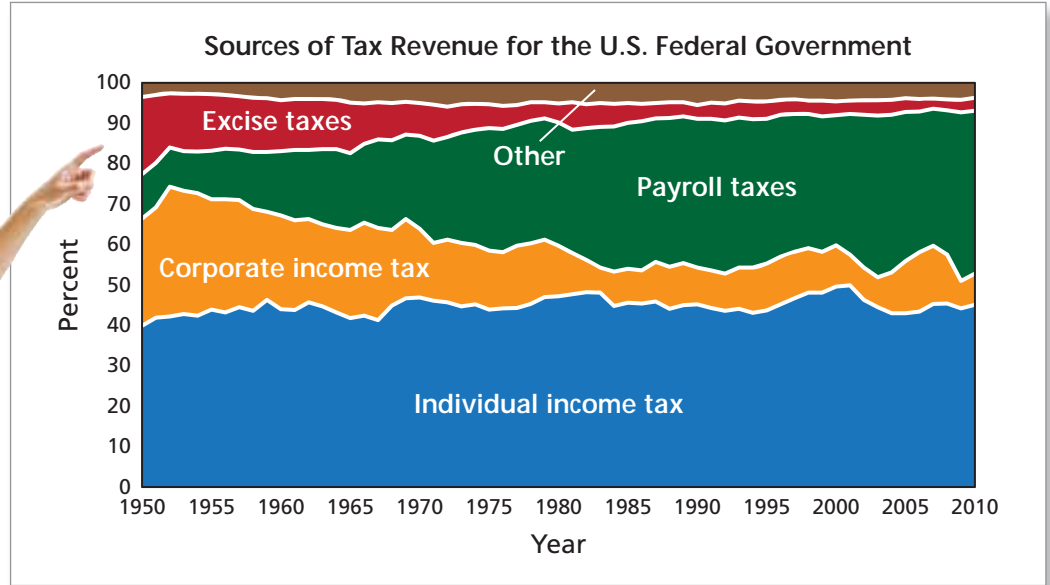


EXAMPLE 6 Comparing Tax Revenue Sources

The stacked area graph shows the sources of tax revenue for the U.S. federal government.

Since 1950, excise taxes have become a smaller and smaller percent of the total tax revenue for the federal government.



Describe the changes in the types of taxes from 1950 to 2010.

SOLUTION

Individual income tax This source of tax revenue has held roughly constant during the 60-year period. It makes up about 45% of the total tax revenue.

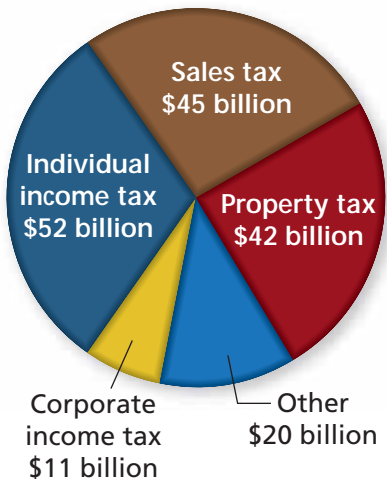
Corporate income tax This source of tax revenue declined from about 30% in 1950 to about 10% in 1985. From that time on, it has held fairly steady at about 10%.

Payroll taxes This source of tax revenue increased from about 10% in 1950 to about 35% in 1985. From that time on, it has held fairly steady at about 35%.

Excise taxes This source of tax revenue decreased from about 20% in 1950 to only about 3% in 2010.

Other This source of tax revenue has held roughly constant during the 60-year period. It makes up about 5% of the total tax revenue.

State and Local Taxes in California



Checkpoint

Help at Math.andYOU.com

The circle graph shows the total tax revenue for state and local governments in California during a recent year.

- Compare the percent of California’s tax revenue raised from individual income taxes with the percent of federal tax revenue raised from individual income taxes.
- Compare the percent of California’s tax revenue raised from corporate income taxes with the percent of federal tax revenue raised from corporate income taxes.