

SOL 13B

## SOL CE.13b

- The student will demonstrate knowledge of the role of government in the United States economy by **explaining how government provides certain goods and services.**

# Guiding Questions

- What types of goods and services do governments provide?
- How do governments pay for the goods and services they provide?

# Businesses Provide Goods

- As we know, businesses provide goods and services to make a profit.
- Businesses must be able to sell their goods and services to people who use them.
- However, businesses cannot provide society everything.
- For example, Americans want their country defended and this is something a business cannot do.....

# The Government Provides Good and Services

- The government provides goods and services for society.
- For example, they provide the armed services to defend society as a whole



# Characteristics of Government Goods and Services

- The government provides goods and services that benefit many people at the same time.
  - Ex: Interstate Highways (like 81); postal service, streetlights, traffic signs, flood control, police and fire protection, pollution control, schools, libraries
- The government provides goods that would not likely be available if businesses and individuals had to provide them.
  - Ex: National Defense, Some Roads

# How are These Goods Paid For?

- These goods and services provided by the Government must be paid for.
- The Government raises funds to pay for these goods and services in three ways
  - > Tax Revenue
  - > Borrowed Funds
  - > Fees

# Tax Revenue

- ◉ Revenue is the amount of money coming in.
- ◉ Income Taxes from individuals and businesses are the largest source of revenue for the federal government and for most state governments.
- ◉ Income Tax is a tax on the amount of an individual's wages or a business's profit.
- ◉ <http://www.tax.virginia.gov/income-tax-calculator>



# Tax Revenue

- Most states also collect sales taxes. Sales taxes are added to the price of a good or service when it is sold.
- <http://www.calculator.net/sales-tax-calculator.html>
- Local governments also get much of their revenue from property taxes, or taxes that people pay on the value of their own property (both land and houses).

# Borrowed Funds

- All levels of Governments borrow money by selling bonds to investors.
- What is a bond?
  - A bond is a government's promise to repay the loan at a later date. It is basically a loan to the government from an individual.
- The federal government borrows money by selling different types of Treasury bonds
- State, city, and local governments sell municipal bonds.

# Fees

- The third way governments earn revenue is by collecting fees.
- The government collects fees on things like driver's licenses, park admission, passports, building permits, parking, garbage collection, and fishing/hunting licenses.



# Remember

- Public Goods and Services are paid for through taxes.
- Everybody pays taxes so public goods and services are available to everybody!

# Work Time the Rest of Class

- Work on your book/packet notes for 13a and 13b
- Work on your notecards for tomorrow's quizzes on 13a and 13b
- Work on your Vocab 12 writing if you are hand writing it. Laptops were taken for testing today.