

Tax Freedom Day

Ryan and Mary Vasquez live in Illinois. Ryan teaches high school and Mary works in marketing for a local manufacturer. On Friday, Ryan got paid. Saturday morning he deposited his paycheck in their bank and also made their house payment. He and Mary then drove down the street to Walmart where Mary did some grocery shopping and Ryan bought two new tires for their SUV and had them installed. On the way home, they stopped at the gas station and filled the tank.

While doing these Saturday morning errands, Ryan and Mary paid the following taxes:

- Federal Income Tax paycheck deduction
- State Income Tax paycheck deduction
- Social Security Tax..... paycheck deduction
- Medicare Tax..... paycheck deduction
- Sales Tax..... grocery, gasoline and tire purchases
- Excise Tax..... tire purchase
- Motor Fuel Tax gasoline
- Property Tax..... tax on the value of their home as part of their house payment



Like the rest of the country, they are working to not only support themselves but also to support all levels of government by helping to pay the nation's tax bill. Each year, Tax Freedom Day represents the first day of the year that the nation as a whole has theoretically earned enough to pay all federal, state and local taxes.

1) The tables below list national Tax Freedom Day for several decades since 1900.

Calculate the Tax Burden on Americans' income each year by dividing the number of days needed to fund government (January 1 to Tax Freedom Day) by 365. Round to the nearest 1/10th percent.

| Year | Tax Freedom Day | Tax Burden |
|------|-----------------|------------|
| 1900 | January 22 | |
| 1920 | February 13 | |
| 1940 | March 7 | |
| 1960 | April 11 | |
| 1980 | April 21 | |

| Year | Tax Freedom Day | Tax Burden |
|------|-----------------|------------|
| 2000 | May 1 | |
| 2010 | April 9 | |
| 2020 | April 15 | |
| 2022 | April 18 | |
| 2023 | April 19 | |

2) Why do you think Tax Freedom Day has gotten later in the year over the decades?

3) Which tax do you think brings in the most government revenue?

- A) Social Security Tax B) Sales Tax C) Income Tax D) Property Tax

4) For which budget category do you think the federal government spends the most?

- A) National Defense B) Social Security C) Medicare D) Interest on the national debt