State and Local Taxes

* Why does it cost less to attend a UC for you guys than a private university?
* States have two budgets for spending: operating budgets and capital budgets
* Operating budgets deal with the day to day expenses of running state government – salaries of state employees, supplies, and maintenance of state facilities
* Capital budgets deal with major investment spending – the state building a new bridge or university. Generally paid for through long term borrowing or the issuance of bonds
* One of the major restrictions on states is that, unlike the federal government, 49 of the states are required to maintain a balanced budget. This only applies, however, to the operating budget
* State taxes are spent on a number of things that affect your daily life: education (public state universities, tech colleges, community colleges, k-12) The national average spent is $7920 per student. Public safety (state police and corrections), highways and transportation (Caltrans), public welfare (public hospitals, pollution controls, social services), arts and recreation (state parks), and administration (need people to run all of this.)
* State Tax Revenue – states rely primarily on sales and income tax for their revenue but cannot tax imports or exports (federal) or federal property
* Sales tax – a main source of state income. Every state is different as to the % added on. Cities may also add to the sales tax (don’t buy things in LA county)
* State Income Tax – every state does this differently – some may use a flat tax, some may not have one at all and others use a progressive rate. States also assess corporate income taxes in the same way they do individual income taxes
* Other State Taxes – you also have numerous fees for licenses to practice certain professions, property taxes (primarily local govt), inheritance taxes, etc.
* With all this money raised what is it actually spent on?
* Public schools, law enforcement, fire protection, libraries, public hospitals, parks, beaches, public health, public transportation, elections, record keeping (birth and death certificates, marriages), social services.