

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up on the front of this sheet of paper. Failure to follow these directions will cost you 10 points. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

The first two questions refer to:

<https://www.avalara.com/taxrates/en/blog/2017/03/west-virginia-may-raise-sales-tax-rate.html>

1) (20 points) The article says the bill, if it had passed, would no longer exempt some goods/services from the sales tax. Use two of the criteria for a good tax to determine if you think that would be good to tax those goods/services. Explain your logic mentioning what would now be taxed, but was not taxed before.

2) (10 points) The article says that in addition to eliminating the exemptions mentioned in Question #1, the tax rate would increase. Without repeating your arguments from Question #1, use one of the criteria for a good tax to determine if you think that raising the tax rate would be good. Explain your logic.

3) (15 points) Scroll over the first yellow link in the third paragraph. Explain how they reach the two conclusions written there about broad and narrow tax bases.

<https://taxfoundation.org/blog/west-virginia-income-tax-relief/>.

4) (15 points) Given what our book says about ways to fund the government, do you agree with the Republicans did in 2023 or what the Democrats did in 2022? Explain your logic.

<https://apnews.com/article/politics-united-states-government-internal-revenue-service-us-republican-party-house-of-representatives-64692090ef20e35a59ba1ea7d21a9eea>

5) (25 points) Draw the S/D diagram for a product with a steep supply curve and a relatively flat demand curve. Draw the effects of a tax on that product. Explain why the curve(s) changed as drawn. Who pays most of the tax? Explain your logic.

6) (15 points) The book says that taxes on trade are generally bad ideas. However, there is one criterion which it is good at. Which one is that? Why is it good at that? Explain your logic.

7) (0 points) On one album, I have the songs, “Purgatory Sandwich With Mustard”, “Cheeseburger Maker Dü”, and “Chipped Beef”. One of them is definitely about food. One of them is definitely not about food. And I have no idea what the other one is about. Which is which? (Note the date you are probably writing the answers to this homework.)