Teacher Answer Key

Case Study

1. Balanced revenue generation with equity improvements and public-health goals.

2. By raising excise rates on tobacco and sugary drinks to discourage harmful consumption.

Multiple Choice

1. B

2. D

3. C

Matching

1-C, 2-A, 3-B, 4-E, 5-D

Fill-in-the-Blank

1) behavioral, 2) progressive, 3) deadweight

Short Answer (Sample Responses)

Q1: Excise taxes raise the price of targeted goods (e.g., cigarettes), reducing use and generating revenue.

Q2: A proportional tax applies one uniform rate, simplifying compliance and minimizing economic distortions.

Q3: Equity ensures that those with greater ability to pay bear a fairer share of the tax burden.