**Death and Taxes**

Review pages 739-745 and than answer the following questions:

* Why do we need state and local taxes?
* Restate in your own words Adam Smith's four principles of sound taxation?  What do you think makes each of them important?
* Consider the following taxes.  How do they stack up against the four principles?
  + Cigarette tax
  + Sales tax
  + Inheritance tax
  + Income tax
* States also get money from non-tax sources.  What are problems that arise, especially with vices such as liquor and gambling?
* We've all heard about the government waste that occurs, like Congress buying a hammer for $700 and a toilet seat for $1500.  We can get cynical, but what would be better is to address and rectify the problem.  Give at least two ideas for gaining more control and preventing corruption.