LWVB/N SOCIAL ECONOMIC JUSTICE EDUCATION COMMITTEE PROGRAM – April 25, 2013

GLOSSARY

1. **Balance of trade** – Comparison of exports (goods/services sold/going out of a country) and imports (goods/services bought/coming into a country). When exports and imports are substantially different, there is a "trade imbalance."
2. **Budget** – A statement of probable revenues and expenditures for a specified period.
3. **Capital gains** – Unearned income such as dividends and investment income; generally taxed at lower rates than Earned Income. The lower rate is considered a "preference." LWVUS position recommends taxing capital gains as Earned income.
4. **Debt** – Financial obligations owed by a government for which money has been borrowed to make payments. Debt must be repaid.
5. **Deficit** – Amount of money spent in excess of anticipated revenues in a specific time period, e.g. one year.
6. **Economic stimulus** – Spending by government on products, services, and programs to increase jobs and to improve community such as infrastructure
7. **Expenditures** – Outlays; money paid for costs or charges.
8. **Gross Domestic Product (GDP**) – The monetary value of all the finished goods and services produced within a country's borders in a specific time period.
9. **Income** – Wages/salaries, dividends and various forms of investment income.
10. **Infrastructure** – Essential elements of a built community, e.g. roads and bridges.
11. **Parity** – Fairness and equity, to make equal
12. **Revenues** – Total current income of a government
13. **Sequestration** – Across the board budget cuts
14. **Social programs** – (League definitions used.) Programs funded by a government to benefit its citizens and promote the public good. Examples include Social Security, Medicare, Medicaid, subsidized housing, public transportation. Income assistance, public education
15. **Taxes** – types*

Income – Tax applied to Earned (wages/salaries) and Unearned (dividends and investment income); may be progressive, regressive, proportional or a hybrid. The current US income tax code is considered a hybrid, not truly progressive due to various incentives within the tax code.

Sales – Tax on goods and services that is charged as a percentage of the sale. Sales taxes are considered to be regressive.

Payroll – Contributions of salary/wages to Social Security (6.2% up to "cap" which was $110,100 in 2013) and Medicare (1.45% of all Earned Income; beginning in 2013 will include 3.8% of capital gains over a specified amount).

Progressive tax system – Based on taxing income at a higher marginal rate as a taxpayer's income increases; thus, the more income one makes, the greater the tax burden.

Proportional tax system – The tax rate is static but the amount to be taxed increases; e.g. property taxes, most excise taxes.

Regressive – Tax rates that are the same irrespective of level of income; as a person generates more income, the tax rate represents a lesser burden; e.g. sales tax.

16. **Wealth** – Net worth, including assets and all forms of income; life cycle savings.

*Article by Michael E. Roach & William G. Jens, Jr. "Is Real Tax Reform Realistic?", The CPA Journal, Oct. 2012