

**INSTRUCTOR**

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**OBJECTIVE**

The goal of this class is to inform students of the importance of state and local public budgeting and finance and to provide a generalists' knowledge of the critical aspects of the subject. At the conclusion of the course, students will understand the important concepts of state and local public finance; be able to identify policy issues presented by subnational taxes; and analyze the politics and economics of financing state and local governments.

**REQUIRED TEXT/READINGS/RESOURCES**

Brunori, *State Tax Policy: A Political Perspective* 3<sup>rd</sup> edition (2011) (**Brunori S on syllabus**) and Brunori, *Local Tax Policy: a Federalist Perspective* (2013) (**Brunori L on syllabus**); supplemental readings will be assigned throughout the term. Students should be familiar with the following resources: *State Tax Notes*, *Journal of State Taxation*, *Journal of Multistate Taxation and Incentives*, and *State Tax Today*. Access to *State Tax Notes* and *State Tax Today* is available through the university library system.

**Where appropriate and relevant, you should find the US Census numbers for the particular tax or revenue source being discussed. You can find that information at: <http://www.census.gov/govs/>. You are expected to review the national data for each revenue source discussed!**

**GRADING**

The student has the option of either taking a final examination or completing a research paper.

Research paper

I hope you will all consider the option of writing a paper for this class. State and local public finance is a field that has long been neglected by academics and there are ample opportunities to conduct original research. Students write some of the best academic papers in the field. Those students often become instant experts in a particular field of state and local finance. It also helps tremendously in the job hunt. I will assist those students writing exceptional papers in getting their work published. If you choose this option, you will have to clear a topic with me in advance.

If you choose this option, your paper is due on or before May 2.

Take home examination

You may opt for a take-home final examination. The final examination will be distributed on the last day of class. It must be returned to me on or before May 2. The examination will consist of three questions all of which must be answered. You may use any resources in completing your answers but you should not confer with any other students. The exam answers should be typed and no more than five pages in length (per question).

## SCHEDULE

## PAD 248 - Financing State and Local Government

- Class 1, Jan. 21      **INTRODUCTION -- Why State and Local Taxes Matter**  
Readings: Brunori S, Chapter 1; Brunori L, Chapter 1.
- Class 2, Jan. 28      **State Tax Policy, Federalism, Politics, and Economic Development**  
Readings: Brunori S, Chapters 2-4; Brunori, Principles of Tax Policy and Targeted Tax Incentives, 1997, 97 STN 111-27; New York Times series on State Tax Incentives (Dec 1-3, 2012)  
[http://www.nytimes.com/2012/12/02/us/how-local-taxpayers-bankroll-corporations.html?pagewanted=all&\\_r=0](http://www.nytimes.com/2012/12/02/us/how-local-taxpayers-bankroll-corporations.html?pagewanted=all&_r=0)
- Class 3, Feb 4      **Local Tax Policy, Federalism, Politics, and Limits**  
Readings: Brunori L, Chapters 2 and 3; Tiebout, C. (1956), "A Pure Theory of Local Expenditures", *Journal of Political Economy* 64 (5): 416-424.
- Class 4, Feb. 11      **CONSTITUTIONAL LIMITATIONS - COMMERCE CLAUSE**  
Readings: Supplemental readings will be assigned. Read **BACCHUS IMPORTS, LTD., v. DIAS, 468 U.S. 263 (1984)** *Complete Auto Transit, Inc. v. Brady*, 430 U.S. 274 (1977) (both available on the Internet)
- Class 5, Feb. 18      **STATE AND LOCAL SALES TAXATION**  
Readings: Brunori S, Chapter 5; Brunori L, Chapter 6. Mazerov, Why Tax Services? 2009 STT 161-2.
- Class 6, Feb. 25      **STATE AND LOCAL INCOME TAXES**  
Readings: Brunori S, Chapter 6; Brunori L, Chapter 7; Henschman, Local Income Taxes, Tax Foundation Fiscal Fact 280,  
<http://taxfoundation.org/research/show/27575.html>
- Class 7, Mar. 3      **STATE AND LOCAL BUSINESS TAXES**  
Readings: Brunori S, Chapter 7; Brunori Chapter 7, E&Y/COST Report on Business Taxation (available at State Tax Today); Citizens for Tax Justice, Corporate Tax Dodging in the Fifty States  
([http://ctj.org/ctjreports/2011/12/corporate\\_tax\\_dodging\\_in\\_the\\_fifty\\_states\\_2008-2010.php](http://ctj.org/ctjreports/2011/12/corporate_tax_dodging_in_the_fifty_states_2008-2010.php))
- Class 8, Mar. 10      **OTHER STATE AND LOCAL TAXES - ESTATE, EXCISE, ETC.**  
Readings: Brunori S, Chapter 8. Brunori, Smoke 'Em if You Got 'Em, States April 11, 2011, 2011 STT 69-6, Brunori, Who's to Blame for Corporate Tax Incentives?, June 6, 2011, 2011 STT 108-3 NO CLASS NEXT WEEK
- Class 9, Mar. 24      **STATE AND LOCAL NON-TAX REVENUE**  
Readings: Brunori S, Chapter 9; Brunori L, Chapter 8.
- Class 10, Mar. 31      **INTERGOVERNMENTAL AID**  
Readings: Brunori S, Chapter 9; Brunori L, Chapter 8.
- Class 11, Apr. 7      **THE PROPERTY TAX**  
Readings: Brunori L, Chapters 4 and 5. Tax Foundation Report on Property Tax Burdens (**Tax Foundation Fiscal Fact No. 269**)  
<http://taxfoundation.org/research/show/27282.html>

Class 12, Apr. 14

**THE PROPERTY TAX CONT'D**

Readings: Brunori L, Chapters 4 and 5, supplemental readings will be assigned

Class 13, Apr. 21

**State Budget Politics**

Brunori, Tax Advice for Conservatives, 12-12-2011, Brunori, Tax Advice for Liberals, 1-24-2011, 2011 STT 15-5, Brunori, The Real Problem in State Finance. 2010 STT 196-4. Final exams distributed.

May 2

**Due date for examinations and research papers.** Exams and papers should be emailed to the instructor at the above address.