

## **Course Syllabus: George Washington University, PPPA 6052 - Tax Policy Analysis (Spring 2016)**

### **COURSE AND CONTACT INFORMATION**

Course: Public Policy and Public Administration 6052, Tax Policy Analysis

Semester: Spring 2016

Time: Wednesday, 6:10-8:00 pm

Location: Rome 205

Instructor: Diane Lim, Ph.D. (Economics)

Vice President of Economic Research, Committee for Economic Development

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Cell phone: 703-470-1357

Office hours: by appointment (just before or after class preferred)

### **COURSE DESCRIPTION and LEARNING OBJECTIVES**

This course teaches the basics of tax policy analysis, recognizing that tax policy is best viewed and understood within the broader context of fiscal and economic policy. We will examine the treatment of taxes in government budgets (with primary focus on U.S. federal) and learn to analyze the different economic effects of taxation—on household and business decision-making, the allocation of resources, the macro-economy, the distribution of income, and fiscal sustainability. We will discuss different approaches of designing and analyzing tax policies and the budgetary and economic tradeoffs involved in alternative strategies for reforming the tax system.

In this course we will identify different goals of taxation and study and practice the various analytical tools used to evaluate how policies perform according to those goals. We will:

- 1) Identify and evaluate the effect of tax policies on household and business behavior, distinguishing between price (“substitution”) and cash flow (“income”) effects.
- 2) Identify and evaluate the macroeconomic effects of tax policies including how budgetary offsets (or deficit financing) matter in different ways depending on the condition of the economy—whether in “full employment” or not.
- 3) Understand the theory and construction of revenue estimates and the definition and measurement of “tax expenditures.”
- 4) In analyzing tax policies, distinguish between tax rate changes and tax base changes, and between effects on marginal and average tax rates.
- 5) Understand the construction of various measures of the distributional effects of tax policies and how to best incorporate such estimates into the evaluation of proposals.

## REQUIRED READING (BOOKS TO PURCHASE)

The required books for this class are paperbacks that are available for purchase on Amazon (hyperlinks below):

*Taxes in America: What Everyone Needs to Know*, by Leonard E. Burman and Joel Slemrod, Oxford University Press, 2013 (<http://www.amazon.com/Taxes-America-Everyone-Needs-Know%C2%AE/dp/0199890269/>); and

*Taxing Ourselves*, by Joel Slemrod and Jon Bakija, 4<sup>th</sup> edition, MIT Press, 2008 (<http://www.amazon.com/Taxing-Ourselves-4th-Citizens-Debate/dp/0262693631/>)

***Additional (required and optional) readings will be provided on Blackboard, as they are assigned.***

## GRADING

Your grade will be based on the weighted average of grades from:

- ***Weekly talking points/executive summary write-ups on readings we will discuss in class (no longer than 2 pages, single spaced) – worth a total of 30%***
- ***One required tax policy analysis paper (“term paper”) due on the last day of class – worth 30%***
- ***A presentation to and discussion with the class of your paper topic in progress – worth 10%***
- ***A final assignment/analysis/take-home exam to be completed during finals week (over a 2-hour period) – worth 20%***
- ***Overall class participation – worth 10%***

## TENTATIVE CLASS SCHEDULE

Chapters noted below are from the two required books only. Other required and optional readings are not noted here but will be indicated on Blackboard as we go along. (I like to find fresh material as it comes along...Also, I tend to procrastinate.)

1/13 – Overview of the study of public finance and how tax policy fits in

1/20 – Overview of the U.S. Tax System (*Taxes in America*, chapter 1; *Taxing Ourselves*, chapters 1 & 2)

1/27 – Tax Policy and the Federal Budget (including Tax Expenditures) (*Taxes in America*, chapter 7)

2/3 & 2/10 – Efficiency and Macroeconomic Effects of Tax Policy (for Stimulus and Longer-Term Economic Growth) (*Taxes in America*, chapter 6; *Taxing Ourselves*, chapter 4)

2/17 & 2/24 – Distributional Effects of Taxation (Taxes in America, chapters 2, 3 & 8; Taxing Ourselves, chapter 3)

3/2 – Tax Compliance (Taxes in America, chapter 9; Taxing Ourselves, chapter 5)

3/9 – Tradeoffs Among Goals of Taxation (Taxes in America, chapters 10, 11 & 12; Taxing Ourselves, chapters 6 & 7)

3/16 – NO CLASS (GWU Spring Break)

3/23 – NO CLASS (instructor out of town)

3/30 – Tradeoffs, continued

4/6 – Social Uses of the Tax System (including Corrective Taxes, Environmentally- and Health-Motivated Tax Policy)

4/13 & 4/20 – Current Tax Policy Issues, including alternative tax reform proposals in the 2016 campaign, other proposals for fundamental tax reform (Taxes in America, chapter 4; Taxing Ourselves, chapters 8 & 9)

5/2 - 5/10 – Exam Week: Final Assignment/Take-Home Exam