

**THE GEORGE WASHINGTON UNIVERSITY
SCHOOL OF PUBLIC POLICY AND PUBLIC ADMINISTRATION
PAD 6048 -- Financing State and Local Government**

Spring 2024

Classroom: Phillips Hall, Room 414A 801 22nd Street NW

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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 primer* 5th edition (2022) (**Brunori S** on syllabus) and Brunori, *Local Tax Policy: a primer* (2022) (**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*, and *Journal of Multistate Taxation and Incentive*.

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

Class Attendance and Participation – 20% of Grade

All students will be expected to attend all classes schedule and have completed all required readings in advance of each class, which are listed below. Each student will participate in group breakout discussions during class and will be expected to lead discussions.

1-3 Short Application Assignments – 30%

Students will have to prepare written assignments after guest speakers on the topics they may address in class. These written assignments will be 1,000 words each.

Final Research Paper - 50%

Students will be required to complete a 10-page final research paper. 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. You will have to clear a topic with me in advance by the end of class on **March 19th**.

The final paper will be due **Wednesday May 1st**.

Extra Credit – Students can participate in a short research project for extra credit. This will be explained in the first class.

SCHEDULE	PAD 6048 - Financing State and Local Government
Class 1, Jan. 16	INTRODUCTION -- Why State and Local Taxes Matter Readings: Brunori S, Chapter 1; Brunori L, Chapter 1.
Class 2, Jan. 23	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.
Class 3, Jan. 30	LOCAL TAX POLICY, FEDERALISM, POLICTICS, AND LIMITS Readings: Brunori L, Chapters 2 and 3; Tiebout, C. (1956), "A Pure Theory of Local Expenditures", <i>Journal of Political Economy</i> 64 (5): 416–424.
Class 4, Feb. 6	STATE AND LOCAL SALES TAXATION Readings: Brunori S, Chapter 5; Brunori L, Chapter 6. Mazerov, Why Tax Services? 2009 STT 161-2.
Class 5, Feb. 13	CONSTITUTIONAL LIMITATIONS - COMMERCE CLAUSE Readings: Supplemental readings will be assigned. Read BACCHUS IMPORTS, LTD., v. DIAS, 468 U.S. 263 (1984) <i>Complete Auto Transit, Inc. v. Brady</i> , 430 U.S. 274 (1977) (both available on the Internet)

- Class 6, Feb. 20 **STATE AND LOCAL INCOME TAXES**
Readings: Brunori S, Chapter 6; Brunori L, Chapter 7; Henchman, Local Income Taxes, Tax Foundation Fiscal Fact 280, <http://taxfoundation.org/research/show/27575.html>
- Class 7, Feb. 27 **STATE AND LOCAL BUSINESS TAXES**
Readings: Brunori S, Chapter 7; Brunori Chapter 7, E&Y/COST Report on Business Taxation (available online); 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)
- Class 8, Mar. 5 **STATE AND LOCAL BUSINESS TAXES (CONT'D)**
Gross Receipts Taxes, Pass-through entities, Local limitations U8
- Class 9, Mar. 19 **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
- Class 10, Mar. 26 **STATE AND LOCAL NON-TAX REVENUE**
Readings: Brunori S, Chapter 9; Brunori L, Chapter 8.
- Class 11, Apr. 2 **INTERGOVERNMENTAL AID**
Readings: Brunori S, Chapter 9; Brunori L, Chapter 8.
- Class 12, Apr. 9 **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 13, Apr. 16 **THE PROPERTY TAX CONT'D**
Readings: Brunori L, Chapters 4 and 5, supplemental readings will be assigned
- Class 14, Apr. 23 **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.
- May 1 **Due date for research papers.** Exams and papers should be emailed to the instructor at the above address.