| DAVID R. AGRAWAL | PUBLIC ADMIN 683 | FALL 2018 |
|---|---|---|
| Section #401 | TAX POLICY | 165 BE: T 6:00-8:30 |

**OFFICE:** 433 POT

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**OFFICE HOURS:** Th. 3:30-4:30 or by appointment, 433 POT

**COURSE WEBPAGE:** https://www.uky.edu/canvas/

**PERSONAL WEBPAGE:** http://www.uky.edu/~drag222/

**NATURE OF SYLLABUS:** The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary.

**COURSE DESCRIPTION:** From the University Catalog – "Tax policy is analyzed from an economic perspective: efficiency and distributional effects of taxation, especially in state, local and international contexts."

**COURSE OBJECTIVES AND LEARNING OUTCOMES:** The objectives of this class are to acquire a working knowledge of federal, state, and local tax systems. The course will provide you with an an in-depth understanding of the economic principles – institutional, theoretical, and empirical – of taxation and will help you to apply the knowledge and principles to current policy issues and to fundamental policy reform options. The course will cover advanced tax topics not discussed in PA 652 and will emphasize empirical studies of taxation.

**TEXTBOOKS AND READINGS:** The required text for the class is *Taxing Ourselves* (5th edition, MIT Press, 2017) by Joel Slemrod and Jon Bakija. Please be sure to purchase the new 5th edition of Slemrod and Bakija because tax policy has changed dramatically since the last edition. We will also refer to the PA 652 book, *Taxes in America: What Everyone Needs to Know* (first edition, Oxford Press, 2012) by Leonard Burman and Joel Slemrod, and will complete the chapters not assigned in that class. Some of you may find the textbook for PA 652 to be a useful resource: *Public Finance and Public Policy* (5th edition, Worth Publishers, 2015) by Jonathan Gruber. PhD students wishing to conduct research on tax policy should also buy and read at your leisure *Tax Systems* (first edition, MIT Press, 2013) by Joel Slemrod and Christian Gillitzer; this is the textbook I would use if this were a Ph.D. class.

ONLINE MATERIALS: We will use the canvas system (http://www.uky.edu/canvas/) for this semester. It is important you check this website regularly as I will post assignments to canvas and will use the announcements tool to send you important information.

To allow us to address some topics in greater detail, additional readings – including newspaper articles and academic journal articles – will be assigned and will be made available online through canvas. These articles are important to highlight current policy debates and additional materials not covered in the texts. My lecture notes are also posted to canvas. You may not redistribute copies of my slides, lecture notes, or homework solutions to any other person or website.

GRADES: Grades for the class will be assigned based on the following information and will be determined based on your rank ordered position within the class. Ph.D. students will be graded using standards appropriate for a Ph.D. rather than Masters students. The class will feature assignments, case studies, a final exam, presentations and a policy memorandum, each of which are described in detail below.

| Requirement | % of Final Grade |
|---|---|
| Homework | 0% |
| Term Paper | 30% |
| Class Participation & Debate | 10% |
| Presentation | 10% |
| Midterm | 20% |
| Final Exam | 30% |

HOMEWORK: Homework problems assigned for each topic are listed on canvas (as we progress). Homework will not be collected and will not be graded. You should complete the homework in the week after we cover the topic in class; if you have questions, you should ask me in office hours throughout the semester. Exams will be based off of the homework, so mastering the homework problems will help you on the exams. You may work in groups on the homework problems and studying in groups is highly encouraged.

CLASS PARTICIPATION & DEBATE: The bulk of your participation grade will come from one in class debate on a topic of the instructor's choice. During the debate, you will be graded not only based on the quantity of your participation, but also the quality of your participation and the evaluation of your contribution by your group members. More details on the debate will be provided on canvas. Participating regularly in class can raise your debate score.

MIDTERM AND EXAM: A midterm will be given to test your comprehension of the material in the first weeks of class lectures. The final exam will be given in its university appointed time slot on 12/11 at 6:00. The final exam will be cumulative, but will give heavier weight to the material following the midterm; completing the homework is essential to doing well on the exams. The final exam is required. An excused absence from

the midterm or the final exam will only be given if you contact me *before* the final exam and for an unexpected emergency (extreme illness that threatens your health or the health of others; a documented family emergency). You must provide appropriate documentation; in the case of a medical excuse a Tier 2 or 3 document from UHS will be satisfactory. This documentation will be verified for authenticity. If you miss the final exam for an unexcused reason (for example, leaving early for winter break), you will receive a failing grade in the course.

TERM PAPER: Empirical analysis is essential to the analysis of tax policy. To that end, you will write a ten page piece of policy analysis that studies a specific topic in detail. The term paper must have an empirical component, which may range from a simple descriptive exercise to an attempt at identifying causal effects. The term paper topic will be detailed by the instructor and will relate to an issue of tax policy. Guidelines for the term paper will be posted on canvas. No late papers will be accepted. Given most of the work in this course is at its end, you should start your term paper early.

PRESENTATION: We will be unable to cover many interesting tax topics. Thus, to increase the coverage of the class and to allow you to practice your presentation skills, students will be required to give a presentation on a tax topic of their choosing. Precise topics need to be approved by the instructor and cannot have been covered previously in class or by one of their classmates. Each presentation will last approximately 15 minutes. Guidelines for the presentations will be posted on canvas.

PH.D. STUDENTS: If you are a Ph.D. student, you must complete additional work to satisfy the requirements in this course. You must complete three short papers with one due on the first class in each month of October, November, and December. The papers will be less complete than a standard research paper and are designed to encourage you to think about research ideas. They will motivate a piece of research (a different one for each paper), describe its methods/data and the related literature. The only thing distinguishing it from a standard paper is that the actual analysis will not be started or finished. Note, a critical component of the evaluation of the short papers will include their feasibility. If the work could never be done, they will not be well received. The paper must include a introduction and a conclusion and should not be longer than five pages (excluding works cited). You should think of each of these short papers as representing a possible research paper in your dissertation; they must related to a topic of taxation. Excellent papers can raise your grade one level while unsatisfactory/incomplete papers can lower one level. No late assignments are accepted.

LETTER OF INTRODUCTION: For the second lecture, please write a one-page letter of introduction of yourself to the instructor. Include your name and anything about yourself that you would like to share such as your future career interests, past preparations relevant to this class, and personal facts that help me to know you better. If you have an extra actual or digital photo of yourself, attaching it to your letter will help the instructor learn your name. Your letter of introduction must be typed. It will not be graded nor returned, but is required. Please also upload a digital photo to you canvas profile (click

account>profile and then edit the image). I want to learn about you and your interests throughout the semester and this will help start that process.

**ACCOMMODATIONS:** If you have a documented disability that requires academic accommodations, please see me no later than the second week of class during scheduled office hours. In order to receive accommodations in this course, you must provide me with a Letter of Accommodation from the Disability Resource Center for coordination of campus disability services available to students with disabilities.

**ACADEMIC HONESTY:** As a University of Kentucky student, you have agreed to abide by the University's academic honesty policy. All academic work must meet the standards described in "UK Student Code of Conduct." Cases of cheating on exams or plagiarizing material for a presentation will result in (at minimum) final grade of "zero" is assigned for the incident and the incident will be reported to university officials. Questions about proper procedures are always appropriate – and welcome – before work is submitted.

**ELECTRONICS:** In general, it is hard to take notes in an economics-based class with a cell phone or laptop. I suggest you consider using pencil and paper and keep all your laptops away for class. However, if you still wish to use a laptop, tablet or cell phone to take notes during class, please sit in the back row so you do not distract your classmates. I reserve the right to prohibit you from using them if another student complains to me that it is distracting them or you are not using it for class-related work. You are responsible for maintaining and checking your University email account and the canvas announcements on a daily basis. Please use your university email account or canvas for your academic correspondence to me so that it does not go to my spam folder.

**SCHEDULE:** The following list indicates when we will cover various topics. All textbook readings are required and additional required readings will be provided online. **SB** stands for the Slemrod and Bakija text and **BS** stands for the Burman and Slemrod text (many, but not all, of these readers were completed in PA 652). No reading means that lecture notes or canvas readings are the main source. As each lecture is quite long, it is divided into a first half (a) and second half (b) part. Some of the readings in the book do not fit into a particular topic as we are discussing it, but may apply more generally, so it may be assigned at a random spot in the lecture.

| Day | Lecture / Case | Reading (Textbooks) | Other Notes |
|---|---|---|---|
| 08/28 (a) | *Review of PA 652* | BS1, SB1 | |
| 08/28(b) | *Statistical Methods for Public Finance* | | |
| 09/4 (a) | *Income Inequality Over Time* | BS6, SB2(13-28) | |
| 09/4 (b) | *Intergenerational Mobility* | SB3 | |
| 09/11 (a) | *Intergenerational Mobility II* | | |
| 09/11 (b) | *Intro to Tax: Taxing Income* | SB2(28-55) | |
| 09/18 (a) | *Taxing Labor* | BS2, BS7, SB4 | |
| 09/18 (b) | *Taxing Savings* | BS8 | |
| 9/25 (a) | *Tax Evasion and Avoidance* | BS9, SB5 | |
| 9/25 (b) | *Tax Kinks* | | |
| 10/2 (a) | *Tax Notches* | | PhD Paper 1 Due |
| 10/2 (b) | *The Elasticity of Taxable Income* | SB4 | |
| 10/9 (a) | *Taxes and Mobility* | | |
| 10/9 (b) | *Taxing Consumption* | BS4, SB6, SB7 | |
| 10/16 (a) | **MIDTERM** | | |
| 10/16 (b) | *Tax Salience* | | |
| 10/23 (a) | *Taxes and The Internet* | | |
| 10/23 (b) | *Corporate & International Taxation* | BS3, SB8(269-288,292-304) | |
| 10/30 (a) | *Corporate & International Taxation II* | | |
| 10/30 (b) | *Estate Taxes* | BS5, SB8(288-292) | |
| 11/6 (a) | *State and Local Taxation* | BS10 | PhD Paper 2 Due |
| 11/6 (b) | *Property Tax* | | |
| 11/13 (a) | **DEBATE** | BS11 | |
| 11/13 (b) | *Sin and Gas Taxes* | | |
| 11/20 (a) | *Tax Competition Theory* | notes | |
| 11/20 (b) | *Empirical Tax Competition* | | |
| 11/27 (a) | *Taxation Abroad* | | **Term Paper Due** |
| 11/27 (b) | *Concluding Thoughts* | BS12, SB9 | |
| 12/4 (a) | **PRESENTATIONS** | | PhD Paper 3 Due |
| 12/4 (b) | **PRESENTATIONS** | | |
| 12/11 | **Final Exam** | 6:00 to 8:00 pm | |