

## Tax and Fiscal Policy

MPA Intensive Elective

Summer Quarter 2013

4 Credits

Location: SEM 2 C3109

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Office hours by appointment

### Dates and Times of Class Meetings:

Thursday, August 8, 2013: 6 p.m. to 10 p.m.

Saturday, August 10, 2013: 9 a.m. to 5 p.m.

Sunday, August 11, 2013: 9 a.m. to 5 p.m.

Thursday, August 22, 2013: 6 p.m. to 10 p.m.

Saturday, August 24, 2013: 9 a.m. to 5 p.m.

Sunday, August 25, 2013: 9 a.m. to 5 p.m.

### Course Description:

As the economic crisis has forced tough decisions at all levels of government, understanding of tax and fiscal policy has become more important than ever. Fiscal and public policy are deeply intertwined with good public policy, frequently needing tax and fee revenue resources to be successful. Where a government chooses to levy then spend its resources is a powerful expression of its values, whether these decisions are made consciously or not. This course will examine all aspects of tax and fiscal policy development for the State of Washington. Students will be asked to examine the aspects of a public policy area of their choice, including tax preferences and other fiscal legislation.

### Learning Objectives:

1. Communicate tax and fiscal policy issues clearly and effectively (spoken and written communication) to a variety of audiences.
2. Perform tax and fiscal policy creation, analysis, and implementation.
3. Research and analyze the policies, laws, and politics that relate to tax and fiscal decisions at different levels of government.
4. Identify the differential impacts of tax and fiscal policy decisions.

### Course Overview and Assignment Due Dates

Date	Topic/Activities	Reading	Due
Wednesday August 7	Reading and Homework Assignment	<ul style="list-style-type: none"><li>• <a href="#">Tax and Fiscal Policy for State Legislators</a></li><li>• <a href="#">State Reliance on Major Tax Sources</a></li></ul>	<ul style="list-style-type: none"><li>• Two page paper comparing two states' tax systems, using reading.</li></ul>

		<ul style="list-style-type: none"> <li>Review the charts in the following publication:  <a href="#">Washington State Department of Revenue – 2010 Comparative State and Local Taxes</a> </li> </ul>	
Thursday August 8 6-10 p.m.	<b>Building Blocks of State Tax Structures</b> Seminar on Reading Lecture		
Friday August 9	Reading and Homework Assignment	<ul style="list-style-type: none"> <li><a href="#">League of Education Voters v. State</a></li> <li><a href="#">Review NCSL – State Tax and Expenditure Limits 2010</a></li> </ul>	<ul style="list-style-type: none"> <li>One question about court’s decision, and</li> <li>Brief discussion of pros and cons of the decision</li> </ul>
Saturday August 10 9 a.m. to 5 p.m.	<b>Nuts and Bolts of Revenue and Fiscal Policy</b> Guest Speakers Lecture		
Sunday August 11 9 a.m. to 5 p.m.	<b>Tax and State and Federal Constitutions</b> Guest Speakers Seminar on Reading Lecture		
Wednesday August 14	Reading and Homework Assignment	<ul style="list-style-type: none"> <li>Choose one of the publications recommending major tax structure changes (listed below in the syllabus)</li> </ul>	<ul style="list-style-type: none"> <li>Two page paper analyzing the proposal, identifying pros and cons.</li> </ul>
Sunday August 18	Reading and Homework Assignment	<ul style="list-style-type: none"> <li><a href="#">2012 Department of Revenue Tax Exemption Study</a></li> </ul>	<ul style="list-style-type: none"> <li>One page memo on your recommendation</li> <li>Bill draft for your proposed change</li> </ul>
August 22 Thursday 6-10	<b>Introduction to Fiscal Policy</b> Lecture Seminar on Reading	<ul style="list-style-type: none"> <li><a href="#">NASBO Budget Process in the States</a></li> <li><a href="#">ALEC State Budget Reform Toolkit</a></li> <li><a href="#">Center on Budget and Policy Priorities ALEC Response</a></li> <li><a href="#">Citizen’s Guide to the Budget</a></li> </ul>	<ul style="list-style-type: none"> <li>Five questions on the reading</li> <li>One page paper on ALEC Budget Toolkit and Response</li> </ul>
August 24 Saturday 8-Noon	<b>Budget Development: How do we decide what to buy?</b>	<ul style="list-style-type: none"> <li>State Agency Decision Packages</li> <li><a href="#">OFM Budget Instructions</a></li> <li><a href="#">Governor Gregoire Budget</a></li> </ul>	<ul style="list-style-type: none"> <li>One page with fiscal analysis of requests and funding recommendations</li> </ul>

	Guest Speaker/Lecture Presentation of recommendations		
August 24 Saturday 1-5	<b>The role of the Legislature: Bills, Fiscal Notes, and the Budget</b> Lecture Seminar	<ul style="list-style-type: none"> <li>• <a href="#">OFM Fiscal Note Instructions</a></li> <li>• <a href="#">2012 Budget Bill</a></li> <li>• <a href="#">2012 Budget Notes</a></li> </ul>	
August 25 Sunday 8-Noon	<b>Budget and Fiscal Notes Continued</b> Seminar Presentation/Discussion of bills		<ul style="list-style-type: none"> <li>• One page analysis of the fiscal impact of a bill</li> <li>• Advocacy Letter</li> </ul>
August 25 Sunday 1-5	<b>Program Implementation</b> Guest Speaker Panel Seminar	<ul style="list-style-type: none"> <li>• Background on Aged, Blind Disabled Program</li> </ul>	

We will work in an intensive format, compressing a full quarter's work into a short time frame. Please, check your schedule and your calendar to be certain if you can participate fully in the class. There is no option for partial or incomplete credit. The first assignments are due Monday, August 5, 2013 by email to Dianne and Jenny. (Most written assignments are one page; there is quite a bit of reading before the first weekend.) The assignments in the draft syllabus will not change, but the order of topics explored on the weekends may change.

**Expectations:**

1. Students will attend every class on time, submit assignments on time, and prepare for and participate in class. Any deviation from these expectations must be approved in advance by the course instructors. Full credit and a positive evaluation depend upon full and timely participation. *Partial credit or an incomplete is not an option.*
2. Your written work must be of the highest quality: clear writing and correct grammar and spelling. If you require it, please request resource writing assistance from the MPA Writing Assistant or contact the instructors in time to incorporate input into your assignment.
3. Participate in an evaluation conference with the instructors. Prepare a self-evaluation and a faculty evaluation. You may choose to confer in person, by phone, or by email.

**Covenant:**

Students and faculty will contribute to the learning community by preparing thoroughly for class, clearly articulating their own views, listening respectfully to differing views and perspectives, and maintaining a healthy curiosity and open mind. Faculty will respond to student questions and work as soon as possible.

**Credit:**

Students will receive 4 graduate credits at the completion of each quarter if all course requirements have been satisfactorily completed to meet course objectives. No partial credit will be awarded. No incompletes will be offered. Refer to MPA student handbook. Full loss of credit decisions will be made by the faculty team. Full loss of credit for two terms of core may result in expulsion from the MPA program.

Plagiarism (i.e., using other peoples' work as your own), failing to complete one or more assignments, completing one or more assignments late (without having made arrangements before the due date), or absences may constitute denial of total credit. Unexcused absences or lack of academic work may result in no credit at the discretion of the faculty. Students will also be evaluated based upon their progress towards the learning goals that will be assessed from classroom, seminar, and assignment performance. The faculty team makes decisions for no credit when necessary, based on absence or failure to meet academic course requirements.

**Evaluation:**

Written self-evaluations and a seminar faculty evaluation are required for credit, at the end of each quarter along with faculty evaluations of students. Student evaluations of their seminar faculty are due

the Monday of evaluation week. (Students may elect to submit faculty evaluations to faculty directly or to Program Secretaries)

### **Wednesday, August 7, 2013**

#### **Assignment #1**

Submit assignment to course instructors via email

1. Read *Tax and Fiscal Policy for State Legislators*, available at: <http://www.ncsl.org/documents/fiscal/TaxPolicyHandbook3rdEdition.pdf>
2. Review the *State Reliance on Major Tax Sources*, available at: <http://www.ncsl.org/issues-research/budget/state-reliance-on-major-taxes-2010.aspx>
3. Review the charts in the following publication: *Washington State Department of Revenue – 2010 Comparative State and Local Taxes*, available at <http://dor.wa.gov/docs/reports/2012/Compare12/Comparative%20Taxes%202010.pdf>
4. **WRITE:** in a two-page paper (readable font and normal margins), compare Washington State's tax system to a second state of your choice, using the 9 principles for evaluating state tax sources in the *Tax and Fiscal Policy for State Legislators*. What are the similarities and/or differences? Are there any advantages (based on these resources) to Washington State's tax structure? Any disadvantages in Washington's structure, compared to that second state?
5. **BRING** a copy of your paper to class on August 8, 2013 and be prepared to discuss your analysis.

### **Thursday, August 8, 2013**

**Class Meeting:** 6:00 p.m. to 10:00 p.m.

**Topic:** Building Blocks of State Tax Structures – Methods of Evaluating Tax Policy

Instructor Presentation: Washington's State Tax System

### **Friday, August 9, 2013**

#### **Assignment #2**

Submit assignment to course instructors via email

1. Read *League of Education Voters v. State*, slip opinion available at: <http://www.courts.wa.gov/opinions/index.cfm?fa=opinions.showOpinion&filename=874255MA>  
[J](#)
2. Review *NCSL – State Tax and Expenditure Limits 2010*, available at: <http://www.ncsl.org/issues-research/budget/state-tax-and-expenditure-limits-2010.aspx>
3. **WRITE:** In an email to the course instructors, write:
  - a) coherent question about the court's decision; and
  - b) briefly discuss the potential positive and negative impacts of the court's decision.
4. **BRING** a copy of your question to class and be prepared to ask your question.

### **Saturday, August 10, 2013**

**Class Meeting:** 9:00 a.m. to 5:00 p.m.

**Topic:** Nuts and Bolts of Revenue and Fiscal Policy

9:00 a.m. Guest: David Schumacher, Director of the Office of Financial Management

1:00 p.m. Guests: Gil Brewer, Senior Assistant Director of Tax Policy, and Drew Shirk, Assistant Director of Legislation and Policy, Department of Revenue

**Sunday, August 11, 2013**

**Class Meeting:** 9:00 a.m. to 5:00 p.m.

**Topic:** Tax and State and Federal Constitutions

1:00 p.m. Guest: Steve Jones, Senior Budget Counsel, Washington State Ways and Means Committee

**Wednesday, August 14, 2013**

**Assignment #3**

Submit assignment to course instructors via email

1. Choose one the following resources or publications. Each recommends changes to a federal, state, or local tax structure:
  - *2010 Report from the National Commission on Fiscal Responsibility and Reform*, available at [http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/TheMomentofTruth12\\_1\\_2010.pdf](http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/TheMomentofTruth12_1_2010.pdf)
  - *2002 Tax Alternatives for Washington State: A Report to the Legislature* (the "Gates" study), available at [http://dor.wa.gov/content/aboutus/statisticsandreports/wataxstudy/final\\_report.htm](http://dor.wa.gov/content/aboutus/statisticsandreports/wataxstudy/final_report.htm)
  - Governor Gregoire's 2011 tax proposal, resources available at [http://www.ofm.wa.gov/budget12/highlights/3\\_Revenue.pdf](http://www.ofm.wa.gov/budget12/highlights/3_Revenue.pdf), and <http://www.ofm.wa.gov/budget12/highlights/govrevoptions.pdf> -- this PDF includes hyperlinks to issue papers on each tax proposal.
  - *Small Business Tax Simplification, Washington State Department of Revenue, 2011*, available at: <http://dor.wa.gov/docs/reports/TaxSimplificationReport.pdf>
2. **WRITE:** in a two-page paper (readable font and normal margins), identify the tax policy objectives are reflected in your chosen publication(s). What are the fiscal/spending implications? Who would benefit the most/least from the proposed changes? As an analyst, identify the "pros and cons" of the recommended changes.

**Sunday, August 18, 2013**

**Assignment #4**

Submit assignment to course instructors via email

1. Choose a tax preference from the *2012 Department of Revenue Tax Exemption Study*, available at [http://dor.wa.gov/content/aboutus/statisticsandreports/stats\\_ExemptionStudy.aspx](http://dor.wa.gov/content/aboutus/statisticsandreports/stats_ExemptionStudy.aspx)

2. **WRITE:** in a one-page memo (readable font and normal margins), written from the perspective of a non-partisan staff member, make a recommendation to amend, repeal, or modify the tax preference to the chair of a fiscal committee.
3. **DRAFT:** Draft your proposed change in bill format.

**Wednesday, August 21, 2013**

**Assignment #5:**

Submit assignment to course instructors via email

1. Read *NASBO Budget Processes in the States* at:  
[http://www.nasbo.org/sites/default/files/BP\\_2008.pdf](http://www.nasbo.org/sites/default/files/BP_2008.pdf)
2. Read the Washington State Senate Ways and Means Committee Citizen's Guide to the Budget at: <http://www.leg.wa.gov/Senate/Committees/WM/Documents/2013%20CGTB.pdf>
3. Read the *ALEC State Budget Reform Toolkit*, available at:  
<http://www.alec.org/publications/state-budget-reform-toolkit/>
4. Read the Center on Budget and Policy Priorities' response at:  
<http://www.cbpp.org/cms/?fa=view&id=3901>
5. Read the CBPP's *Strengthening State's Fiscal Policies for a Stronger Economy* at:  
<http://www.cbpp.org/cms/index.cfm?fa=view&id=3675>
7. **WRITE:**
  - a. Five questions you would like to discuss about any of the readings
  - b. A one-page paper (readable font and normal margins) discussing your thoughts on the budget ideas put forward in both the ALEC and CBPP papers. Do you find yourself agreeing with one view point over the other? Please include a discussion of at least three pros and cons to the view points of ALEC and CBPP.
8. **BRING** a copy of your paper to class on August 22, 2013 and be prepared to discuss your analysis.

**Thursday, August 22, 2013**

**Class Meeting:** 6:00 p.m. to 10:00 p.m.

**Topic:** Introduction to Fiscal Policy

Instructor Presentation: Washington State Budget

Seminar on Reading

**Friday, August 21, 2013**

**Assignment #6:**

1. Read the *Office of Financial Management's 13-15 budget instructions* at:  
[http://www.ofm.wa.gov/budget/instructions/operating/2013\\_15/default.asp](http://www.ofm.wa.gov/budget/instructions/operating/2013_15/default.asp)
2. Read *Governor Gregoire's Proposed budget* at: <http://www.ofm.wa.gov/budget13/default.asp>
3. Read *OFM's Legislative Fiscal Note Instructions* at:  
<http://www.ofm.wa.gov/budget/instructions/other/legislativefiscalnoteinstructions.pdf>

4. Read the *2012 Supplemental Budget Notes* at:  
<http://leap.leg.wa.gov/leap/budget/lbns/2012toc.asp>
5. Read the *2012 Supplemental Budget Bill* at:  
<http://leap.leg.wa.gov/leap/budget/lbns%5C2012Omni2127-S.SL.pdf>
6. Read the agency decision packages assigned to you from Thursday
7. **WRITE:** a one to two page briefing paper with your recommendations for the agency budget you've been assigned. Briefing papers maybe in Microsoft Word or Excel. They must contain recommendations for funding or not funding agency requests and your justification for these recommendations. Please include a brief description of the agency you have been assigned and information about their overall budget.
8. **BRING** a copy of your briefing paper to class on Saturday and be prepared to present it to the group.

### **Saturday, August 24, 2013**

**Class Meeting:** 9:00 a.m. to 5:00 p.m.

**Morning Topic:** How do we decide what to buy?

9:00 a.m. – Guest: Julie Murray, Director of Legal and Legislative Affairs for the Office of Financial Management

Presentation of budget recommendations

**Afternoon Topic:** The role of the Legislature - Bills, Fiscal Notes, and the Budget

Instructor Lecture

Seminar

### **Assignment #7:**

1. Choose a piece of legislation with a fiscal impact from the 2013 legislative session. Bills and associated materials can be found at [www.leg.wa.gov](http://www.leg.wa.gov)
2. **Write:**
  - a. A one page fiscal analysis from the perspective of a non-partisan legislative staffer explaining the bill and its fiscal impacts. Please explore ways to mitigate costs or increase revenues associated with the bill.
  - b. Write a letter to a legislator from an advocacy organization that supports or opposes the bill. Please pick a position that is different from one you may personally hold about the legislation.
3. **Bring** a copy of the analysis and letter to class on Sunday morning and be prepared to discuss with the class.

### **Sunday, August 25, 2013**

**Class Meeting:** 9:00 a.m. to 5:00 p.m.

**Morning Topic:** Budget and Fiscal Notes Continued

Seminar

Presentation/Discussion of bills

**Afternoon Topic:** Program Implementation

Guest Speaker Panel: The Evolution from GAU to ABD  
Seminar