



Course 402 – Tax Policy

Course Description

Course 402 offers students strategies for assisting in the effective formulation and implementation of tax policies and presents background enabling students to understand the context under which property tax policy is established. Students will be given analytical tools with which they can explain the effects of proposed property tax changes. They will be provided with a sound theoretical basis to guide decision-making and to assist in creating workable solutions for their jurisdictions. The course is designed for assessment administrators and students of taxation, as well as professional policy advisors who guide and make decision in the area of tax policy on a regular basis.

Objectives

Upon completion of Chapter 1, you will be able to:

- Understand basics of delegation of government responsibilities under federalism.
- Understand what is meant by the terms property, tax, and property based wealth.
- Understand the difference between public and tax policy.
- Understand the way property taxes have evolved in the U.S.
- Contrast changes in state and local significance of property tax revenue.
- Describe ongoing changes in property tax base, assessment administration, tax limits, and school finance in general terms.
- Explain why democracy and open market economic systems tend to work well together.
- Understand the roles of public and private sectors given open market systems.
- Explain the differences between stabilization, redistribution, and allocation roles of government.
- Explain what is meant by market and government failure.
- Understand how the size of government is measured and how it has changed in the U.S.
- Describe the attributes of a good tax system.

Upon completion of Chapter 2, the student should be able to:

- Be able to identify the main functions and elements of property tax systems.
- Be able to characterize the main differences between civil law and common law.
- Understand how United States federal law influences state property tax laws.
- Understand the dimensions of “fiscal arrangements,” particularly rate-setting powers and approaches.
- Understand the nature and importance of the various administrative roles in property tax administration (in the U.S.).
- Be able to identify causes of poor administration and be able to contribute to debates on improving administration.
- Understand the basic ways in which property tax systems differ, such as knowing why owners sometimes are made responsible for paying property taxes and why occupants sometimes are.
- Understand the difference between *in personam* and *in rem* liability for taxation.
- Be able to define the basic types of potentially taxable property (real vs. personal).

- Know the relative advantages and disadvantages of value-based property tax systems and nonvalue-based systems.
- Be able to evaluate common approaches to providing property tax relief.
- Know the main aspects of the collection function.

Upon completion of Chapter 3, the student should be able to:

- Understand economic and political reasons for multiple governments.
- Understand federalism and distinguish between federal and unitary systems of government.
- Describe alternate models of federalism.
- Understand why some revenue sources are more or less appropriate depending on the level of government.
- Understand types of revenue resources available to governments.
- Understand the significance of various taxes and other revenue sources in funding state and local governments.
- Explain the difference between own-source and federal-state revenue.
- Explain the difference between taxes and charges.
- Understand which taxes are widely used by state versus local governments.
- Explain the difference between general and selective sales taxes and between sales and use taxes.
- Explore sales tax policy issues such as regressivity and the effect of remote sales.
- Understand individual and corporate income tax administrative and policy issues.
- Explain why corporate income taxes are seldom used by local governments.
- Understand the difference between sumptuary taxes and benefit based excise taxes.
- Understand types of intergovernmental revenue and be able to explain which grants tend to be more restrictive in use.
- Understand how governments affect each other financially through mandates and limitations.
- Understand what is meant by tax competition between states and localities.
- Understand why equalization is of particular importance in school funding.

Upon completion of Chapter 4, the student should be able to:

- Understand the difference between positive and normative tax analysis.
- Understand the differences between descriptive studies, forecasts, and analytical studies.
- Understand the differences between various revenue forecasting techniques.
- Understand Census Bureau revenue related definitions.
- Understand changes in U.S. revenue patterns over time.
- Distinguish between per capita measurements and those based on personal income.
- Understand the difference between tax burden and incidence.
- Understand different approaches to measuring tax burden.
- Explain why it is important to combine state and local revenues when comparing states.
- Explain the difference between tax capacity and tax effort.
- Understand the meaning of tax expenditures.
- Understand the concept of and varying views regarding regressivity with respect to the incidence of property tax.
- Explain the importance of the Tiebout hypothesis with respect to the incidence of the property tax.
- Understand the difference between the legal and economic incidence of a tax.
- Understand the concept of tax shifting as it relates to partial and general equilibrium analysis.
- Understand vertical and horizontal equity principles with respect to tax incidence.
- Compute and understand tax elasticity.

Upon completion of Chapter 5, the student should be able to:

- Understand the difference between budget and rate driven systems.
- Explain advantages and disadvantages of budget and rate systems given increasing or decreasing assessments.
- Understand truth in taxation as a concept.
- Understand advantages and disadvantages of current market value and various common alternatives.
- Understand tax shifting effects of assessed value constraints.
- Understand acquisition value and advantages and disadvantages.
- Understand site value taxation concept.
- Understand classification concept as it relates to fractional assessment ratios.
- Understand the difference between partial, full, and de facto exemptions.
- Differentiate between property tax deferrals, circuit breakers, credits, and exemptions.
- Understand the advantages and disadvantages of tax abatements and tax increment financing.

Upon completion of Chapter 6, the student should:

- Have an understanding of the principles and practices used in evaluating administrative performance.
- Appreciate the strengths and weaknesses of proposals to consolidate responsibility for property tax administration or to decentralize responsibility.
- Recognize that the quality of administration affects tax policy outcomes, possibly substituting a de-facto set of unlegislated objectives for the legislated ones.
- Know about management practices that reinforce formal policy objectives.
- Understand the basics of ratio studies and their strengths and weaknesses.
- Understand how information technology can contribute to policy studies and reinforce formal policy objectives.
- Appreciate the need for effective supervision of local property tax administration and be aware of effective supervisory practices.
- Understand the nature of equalization and other actions to remedy local assessment performance that doesn't meet standards.
- Be aware of how the quality of individual business processes contributes to the overall quality of property tax administration.

Upon completion of section 7, the student should:

- Have a general understanding of how basic systems of government are distributed internationally.
- Be aware of how basic types of taxes are relied upon internationally (using the U.S. as a point of reference).
- Be able to enumerate the basic types of taxes on property.
- Be aware of the relative importance of property taxes internationally, particularly recurrent taxes on real property.
- Understand the detrimental effects of high transfer taxes.
- Have a general understanding of the features of the property tax systems of selected countries.
- Be conversant with major international tax policy issues, including conflicting goals and difficult intergovernmental relations.
- Appreciate how assessing officers can contribute constructively to policy debates.
- Share a vision of the future of the (recurrent) property tax.

Timetable

Topic	Time Requirement	Day Covered
Chapter 1		
Introduction and Objectives	60 Minutes	Monday AM
Major Concepts – Property, Tax, and Policy	30 Minutes	Monday AM
Historical Perspective	30 Minutes	Monday AM
Underlying Political and Economic Systems	30 Minutes	Monday AM
Functional and Economic Roles of Government	30 Minutes	Monday AM
Size of the Public Sector	15 Minutes	Monday AM
Qualities of a Good Tax System	30 Minutes	Monday AM
Review Questions	30 Minutes	Monday AM
Chapter 2		
Objectives & Introduction	10 Minutes	Monday AM
Property Taxation from a Systems Perspective	10 Minutes	Monday AM
Important Legal Issues	30 Minutes	Monday AM
Fiscal Arrangements	20 Minutes	Monday PM
Administrative Arrangements	30 Minutes	Monday PM
Basic System Design Features	50 Minutes	Monday PM
Important Administrative Provisions	10 Minutes	Monday PM
Review Questions	20 Minutes	Monday PM
Chapter 3		
Objectives	15 Minutes	Tuesday AM
Distribution of Powers	15 Minutes	Tuesday AM
Administrative Assignments – Types of Federalism and Financing Distributive Powers	30 Minutes	Tuesday AM
Government Revenue and Resources	15 Minutes	Tuesday AM
Taxes Used by State and Local Governments – General	45 Minutes	Tuesday AM
Property Taxes in Local Government Finances	15 Minutes	Tuesday AM

Topic	Time Requirement	Day Covered
General Sales Tax	60 Minutes	Tuesday AM
Individual Income Tax	30 Minutes	Tuesday AM
Corporate Income Tax	15 Minutes	Tuesday PM
Selective Sales Taxes	30 Minutes	Tuesday PM
Intergovernmental Revenue	15 Minutes	Tuesday PM
Other Intergovernmental Fiscal Issues	15 Minutes	Tuesday PM
Problems and Challenges	15 Minutes	Tuesday PM
Summary	15 Minutes	Tuesday PM
Review Questions	30 Minutes	Tuesday PM
Chapter 4		
Objectives	15 Minutes	Tuesday PM
Approaching the Analysis	15 Minutes	Tuesday PM
Types of Analyses	30 Minutes	Tuesday PM
Sources of State and Local Taxes and Other Revenue	15 Minutes	Tuesday PM
Analysis of Revenue Trends	30 Minutes	Tuesday PM
Measuring Tax Burden and Incidence	230 Minutes	Wednesday AM
Summary	10 Minutes	Wednesday PM
Review Questions	10 Minutes	Wednesday PM
Quiz (Chapters 1-4)	25 Minutes	Wednesday PM
Chapter 5		
Objectives	15 Minutes	Wednesday PM
Budget vs. Rate Driven Systems	30 Minutes	Wednesday PM
Valuation System Basis	105 Minutes	Wednesday PM
Site Valuation Taxation	15 Minutes	Wednesday PM
Classification Systems	15 Minutes	Wednesday PM
Targeted Controls on Property Taxes – Individuals	30 Minutes	Thursday AM
Abatements and Tax Increment Financing	15 Minutes	Thursday AM
Review – Summary & Questions	15 Minutes	Thursday AM

Topic	Time Requirement	Day Covered
Chapter 6		
Objectives	10 Minutes	Thursday AM
Evaluative Criteria	10 Minutes	Thursday AM
Administrative Arrangements, Practices & Issues	20 Minutes	Thursday AM
Effective Management	40 Minutes	Thursday AM
Supervision & Equalization	20 Minutes	Thursday AM
Initial Assessment processes	40 Minutes	Thursday AM
Tax Billing & Collection: Taxpayer & Stakeholder Relations; Review & Appeal	20 Minutes	Thursday AM
Review	20 Minutes	Thursday AM
Chapter 7		
Objectives & Introductions	10 Minutes	Thursday PM
Systems of Government & Taxation: A Global Perspective	40 Minutes	Thursday PM
Profiles of Recurrent Taxes on Property	40 Minutes	Thursday PM
Issues of Global Importance	20 Minutes	Thursday PM
Prospects & Challenges	40 Minutes	Thursday PM
Review	40 Minutes	Thursday PM