APPLICATION FOR NEW COURSE

1. Submitted by College of The Graduate School Date October 20, 2003
Department/Division offering course The Martin School of Public Policy and Administration

2. Proposed designation and Bulletin description of this course
   a. Prefix and Number PA 654
   b. Title* Tax Policy
      *NOTE: If the title is longer than 24 characters (including spaces), write
      A sensible title (not exceeding 24 characters) for use on transcripts
   c. Lecture/Discussion hours per week 3
   d. Laboratory hours per week 0
   e. Studio hours per week 0
   f. Credits 3
   g. Course description
      See attached syllabus
   h. Prerequisites (if any)
      PA 652 Public Policy Economics
   i. May be repeated to a maximum of (if applicable)

4. To be cross-listed as
   Prefix and Number
   Signature, Chairman, cross-listing department

5. Effective Date Fall 2004 (semester and year)

6. Course to be offered
   X Fall □ Spring □ Summer

7. Will the course be offered each year?
   (Explain if not annually)
   X Yes □ No

8. Why is this course needed?
   This course will fill the area of concentration requirement for the MPA degree and PhD programs in Public Policy.

9. a. By whom will the course be taught? Dr. David Wildasin or Dr. Merlin Hackbart
   b. Are facilities for teaching the course now available?
      If not, what plans have been made for providing them?
      X Yes □ No
APPLICATION FOR NEW COURSE

10. What enrollment may be reasonably anticipated? 15

11. Will this course serve students in the Department primarily? □ Yes □ No
Will it be of service to a significant number of students outside the Department? □ Yes □ No
If so, explain.

12. Will the course serve as a University Studies Program course? □ Yes □ No
If yes, under what Area?

13. Check the category most applicable to this course
   X traditional; offered in corresponding departments elsewhere;
   □ relatively new, now being widely established
   □ not yet to be found in many (or any) other universities

14. Is this course applicable to the requirements for at least one degree or certificate at the University of Kentucky? □ Yes □ No

15. Is this course part of a proposed new program:
If yes, which?

16. Will adding this course change the degree requirements in one or more programs?* □ Yes □ No
If yes, explain the change(s) below

Students whose area of concentration is Public Financial Management will take this course instead of ECO 485G which is no longer taught at the graduate level.

17. Attach a list of the major teaching objectives of the proposed course and outline and/or reference list to be used.

18. If the course is a 100-200 level course, please submit evidence (e.g., correspondence) that the Community College System has been consulted.

19. Within the Department, who should be contacted for further information about the proposed course?

Name  Dr. Eugenia Toma  Phone Extension  257-1156

*NOTE: Approval of this course will constitute approval of the program change unless other program modifications are proposed.
APPLICATION FOR NEW COURSE

Signatures of Approval:

[Signature]
Department Chair

[Signature]
Dean of the College

[Signature]
*Undergraduate Council

[Signature]
*University Studies

[Signature]
*Graduate Council

[Signature]
*Academic Council for the Medical Center

[Signature]
*Senate Council (Chair)

[Signature]
Date

[Signature]
Date

[Signature]
Date of Notice to the Faculty

[Signature]
Date

[Signature]
Date

[Signature]
Date

[Signature]
Date

[Signature]
Date of Notice to University Senate

*If applicable, as provided by the Rules of the University Senate

ACTION OTHER THAN APPROVAL

Rev 8/02
PA 795  
Tax Policy and Forecasting  

Fall, 2002  
T 6:00-8:30  

Instructors:  
Dr. Dave Wildasin  
Greg Harkenrider  
Dr. Merl Hackbart  

PURPOSE  

This class is designed to provide students with an understanding of the theoretical and conceptual issues associated with the design and implementation of tax systems for state and local governments.  

TEXTBOOKS  

SUPPLEMENTARY READINGS  

Available at Johnny Print  

COURSE METHODOLOGY  

This class involves a combination of lectures, class exercises (conducted in the computer laboratory) and group projects. The class is divided into three sections including fiscal and tax issues, tax forecasting and modeling and tax policy issues involved in tax system design and implementation. The class is structured to enable students to utilize their understanding of theoretical and conceptual tax and fiscal issues along with their understanding of tax and revenue forecasting and simulation modeling to develop and analyze tax policy options. Class performance will be assessed based on performance on exams, projects and group activities and exercises.  

EXAMS AND GRADING  

There will be one exam given at the end of the first section of the course. The final course grade will be based on this exam along with grades assigned to course projects and activities as follows:  

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Exam</td>
<td>35%</td>
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<tr>
<td>Class Exercises</td>
<td>35%</td>
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<tr>
<td>Group Projects</td>
<td>30%</td>
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MAKEUP WORK AND EXAMS  

No make-up exams will be given without permission of the instructor(s) and specific dates will be set for the completion of class projects and activities.
# SUPPLEMENTAL READINGS

## COURSE OUTLINE

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Assignment</th>
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<tbody>
<tr>
<td>September 3</td>
<td>Course Organization</td>
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<tr>
<td></td>
<td>Administrative Matters</td>
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<td>Overview of State and Local Finance in the US</td>
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<td>September 10</td>
<td>Fiscal Analysis for State and Local Governments: Basic Principles</td>
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<td></td>
<td>• Efficiency and Equity Principles</td>
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<td>• Efficiency and Distributional Principles</td>
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<td>Effects of Taxes &amp; Subsidies in an “open” economy</td>
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<td>• Redistributive policies in an “Open” Economy</td>
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<td>September 17</td>
<td>Tax and Expenditure Competition at The State and Local Levels</td>
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<td></td>
<td>• Fiscal Instruments and Capital Flows</td>
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<td>• Household Mobility &amp; Fiscal Policy</td>
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<td></td>
<td>• Local Property Taxation</td>
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<td>• Intergovernmental Fiscal Relations</td>
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<td>September 24</td>
<td>State (and local) Taxes on Income and Sales</td>
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<td>• The Choice of Tax Mix</td>
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<td>• Taxes, Demographic Composition, And Intergovernmental Issues</td>
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<tr>
<td></td>
<td>• Fiscal Policy and Income Distribution</td>
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<td></td>
<td>• Interactions Between Federal, State And Local Tax Systems</td>
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<td>October 1</td>
<td>Selected Special Topics</td>
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<tr>
<td></td>
<td>• State Corporate Income Taxes</td>
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<td></td>
<td>• Sales Taxation</td>
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</tbody>
</table>
- Local Finance in Metropolitan Areas

October 8  Supplementary Topics and

Exam

October 15  Overview of Econometric Models
  - Structural Models
  - Time Series Concepts
  - Time Series Models

October 22  Forecasting Models
  - Model Selection
  - Reduced Forms versus Structural Models
  - Recursive Models
  - Turning Model Estimation into a Forecasting Model
  - Atheoretical Modeling and Box-Jenkins
  - Economic Indicators

October 29  Forecasting State Revenues and Expenditures (Examples)
  - State Econometric Forecast of Real Economy
  - Sales Tax
  - Individual Income Tax
  - Corporate Income Tax
  - Corrections
  - Medicaid

November 5  Interactive Computer Lab Training with EVIEWS software
  - Properties of a Time Series
  - Data Smoothing Techniques
  - Model Specification for Time Series Models
  - Diagnostic Tools
  - Individual Project Assigned

November 12 Interactive Computer Lab Training with EVIEWS software

November 19 Other Useful Skills for the Business World
  - Cost/Benefit Analysis
  - Static Fiscal Impact Analysis
  - Dynamic Impact Assessment
  - Microsimulation
  - Individual Project Due

November 26 Tax Policy Overview: Economic, Financial
And Political
• Fiscal Federalism and "Dividing the Tax Pie": Federal, State and Local Roles
• Optimal Tax Structures and "Tax Reform"
• Tax Criteria and Tax Policy: Inherent Conflicts And Contradictions

December 3
Tax Reform and Tax Policy: Contemporary State and Local Issues

• Tax Reform: Comprehensive Or Incremental
• Aligning Tax Structure with Economic Structure
• Tax Competition: Origin And Implications
• "Collaborative Tax Policy" and Protecting the Tax Base

December 10
Tax Policy: Interest Groups, Policy Initiatives And Interest Groups

• Setting Tax Policy Goals
• Assessing Alternative Structures
• Interest Groups and Tax Policy
• "Putting It All Together": Tax Principles, Tax Modeling and Tax Policy Decisions

December 17
Optimal Tax Policy Presentations