

Government Revenue Systems  
Course Number 26:834:568  
Course Credits (3)  
Professor Gerald J. Miller

**SYLLABUS**

**DESCRIPTION OF THE COURSE:** This study of the revenue base for government operations presents the federal, state and local government tax and revenue structure as a whole, examining first its make-up, then its associated decision making process, and finally, each constituent part, its rationale and methods for improvement and reform. The work in the course requires substantial reading and practical application through either case studies or field research. Grades depend upon successful completion of the practical applications and reading reports.

**COURSE OBJECTIVES:**

1. To understand the revenue structure of all governments in the United States, focusing on them as an intergovernmental system first and then as separate systems.
2. To understand and be able to defend a normative position on revenue systems, employing ideal models of revenue structure and system function.
3. To understand the sensitivity of revenue systems to the political and economic systems of which they are a part.
4. To be able to describe and critically analyze the general structure of the property tax as it exists in New Jersey.
5. To be able to describe and critique the sales and income tax systems, reform efforts, and the political and economic issues to which they are related in state governments, especially New Jersey.
6. To be able to contrast the economic efficiency and political inequity of fees and user charges as they are employed in local governments in the United States.
7. To be able to project or estimate revenues using generally accepted techniques and to be able to critique these techniques and the ways they are used in local and state governments in the United States.
8. To be able to complete an incidence or benefit/burden analysis of an organization, comparing the revenue and spending sides of the organization's budget.

**TEXTS FOR THE COURSE:** The texts for the course are:

Phillips, THE POLITICS OF RICH AND POOR

## Citizens for Tax Justice, WHO PAYS?

### Bland, A REVENUE GUIDE FOR LOCAL GOVERNMENT

Other articles and books will be offered from time to time to help with your work. The syllabus also lists further reading you might want to do.

In addition to textbooks, you will frequently be required to produce copies of your work for other members of the class. This informs everybody else of the work you do, but it also imposes on you the cost of reproduction.

**INVESTMENT IN THE COURSE:** The course requires a substantial amount of homework, either as reading and field research, that is, going out to an agency to get information. If you have commitments that will not allow at least twice the amount of time spent in class for class preparation, try as best you can to clear your calendar.

Likewise, this is not a passive course, or one in which you need only sit back and take notes. You have to get involved, in my opinion, to understand revenues. Unlike concepts like motivation or leadership or the other soft spots in public administration, you have to acquire understanding of subjects like taxes and revenues rather than depend on some intuitive feel for the ideas presented.

The course, moreover, requires a good bit of in-class participation. This sort of work asks oral participation (not to be too biting about it) in the form of a high level of group discussion and a large number of reports made by you individually to the other members of the class. If you feel uncomfortable with oral reports, you'll be very uncomfortable in this class.

**GRADING:** The grades depend on your successful completion of projects assigned in conjunction with reading. Normally, these projects will involve reaction to case materials I provide or field work, either of which will normally be followed by a report to the class and leadership of discussion. The weights are

3 individual/group projects (negotiated choices) @ 20%	60%
<i>with such topics as</i>	
Resolve the wealth/fairness paradox (required)	
Determine how well the NJ (local or state) tax system rates versus ideal	
Determine the fairness of the NJ (local or state) tax system	
Describe the workings of one revenue source	
Evaluate the intergovernmental revenue system in NJ	
Describe and evaluate taxation trends in state/local government in the US	
Final project (Determine who gets what benefits and pays what burdens through your organization's functions)	40%

I will return your work to you with comments on what you have done. I will not record a grade until you return all of your work to me at the end of the semester. If you want a copy for your own files, make one.

OFFICE HOURS: Call the department office to get in touch (648-5093). I'm in the office (720 Hill) from 4-5:30 pm on Tuesdays, but we can probably handle the usual business before or after class, otherwise at our mutual convenience.

HOMEWORK AND CLASS PROJECTS: Homework, specifically work done outside but for class, is helpful in getting you to focus on a particular issue. I claim the right to ask you to do homework projects as a way to spur your development and understanding of budgetary processes in government institutions. In return, I will reward you for your effort. The ground rules are:

1. Make sure you know what you're doing; I assume you do.
2. Make the work legible and understandable if you want the benefit of the doubt.
3. Hand it in on time.

**A note about work you hand in:** Keep copies of everything you give me; I will hand back graded work but will ask to keep it in my files. Thus if you want copies of your work; make copies. At the end of the course, I will count in your grade only the work I have in my files.

## Course Calendar

### 1-2 Introduction to the class, syllabus, and revenue systems

1. Getting acquainted
2. Introduction to revenue systems

Bland, REVENUE GUIDE, Chapters 1-2; Mikesell (from Pennsylvania Tax System), OVERALL CONSIDERATIONS: GOALS FOR PENNSYLVANIA'S TAX SYSTEM (Others I'm considering, I'll provide).

### 3-6 Decision making: the political and economic aspects involved as well as reforms

- 3-4. The paradox of revenue systems

When we design systems that are unfair (according to Phillips, Reagan's 1986 tax reform), people rejoice; when reform makes them fairer (as Gov. Florio did, I would argue), voters rebel. Why? See Phillips, *The Politics of Rich and Poor*.

## 5-6. Incidence Analysis

Citizens for Tax Justice, WHO PAYS?; if you want to read more, see Galambos, Eva C. (1978). "Who Bears the Tax Burden?" and "Cost- Revenue Analysis" in *Making Sense out of Dollars: Economic Analysis for Local Governments*. Washington, DC: National League of Cities: 100-127; *See also* Pechman, Joseph and Benjamin Okner (1974). *Who Bears the Tax Burden*. Washington, DC: Brookings; Pechman, Joseph (1985). *Who Paid the Taxes, 1966-1985?*. Washington, DC: Brookings.

Others: Burchell, Robert W. and David Listokin (n.d.). *The Fiscal Impact Guidebook: Estimating Local Costs and Revenues of Land Development*. Piscataway, NJ: Center for Urban Policy Analysis. Galambos, "Cost Revenue Analysis.." ACIR, CHANGING PUBLIC ATTITUDES; Philips, POLITICS OF RICH AND POOR; Rubin, POLITICS OF PUBLIC BUDGETING, Chapter, 2; Bland, REVENUE GUIDE, Chapter 9. *See also* Lowery, David and Lee Sigelman (1981). "Understanding the tax revolt: Eight explanations." *American Political Science Review* 75 (December): 963-974; Portney, Kent E. (1986). " Analysis of Public Tax and Revenue Policies" in *Approaching Public Policy Analysis: An Introduction to Policy and Program Research*. Englewood Cliffs, NJ: Prentice-Hall: 176-205; Meltsner, Arnold J. (1971). "The Revenue Process and Public Avoidance" in *The Politics of City Revenue*. Berkeley, CA: University of California Press: 86-131; Rose, Jerome G. (1982). "Events Leading to the New Jersey Tax Reform Program" in Jerome G. Rose (Ed.), *Tax and Expenditure Limitations: How to Implement and Live Within Them*. Piscataway, NJ: Center for Urban Policy Research: 101-135.

## 7-8 Property taxes and efforts to reform them

Bland, REVENUE GUIDE, Chapter 3; *see also* Harriss, D. Lowell (1986). *The Property Tax and Local Finance*. New York: Academy of Political Science.

For information on property tax reform in New Jersey, *see*

Rose, Jerome G. (1982). "Events Leading to the New Jersey Tax Reform Program" in Jerome G. Rose (Ed.), *Tax and Expenditure Limitations: How to Implement and Live Within Them*. Piscataway, NJ: Center for Urban Policy Research: 101-135.

## 9 Income taxes and reform

Bland, REVENUE GUIDE, Chapter 6.

*See also*, Bradford, David (1986). *Untangling the Income Tax*. Cambridge, MA: Harvard University Press. Witte, John F. (1986). *The Politics and Development of the Federal Income Tax*. Madison, WI: University of Wisconsin Press.

## **10 Sales, consumption, and value-added taxes**

Bland, REVENUE GUIDE, Chapters 4-5.

See also, General Accounting Office (1986). *A Guide to Consumption Taxes*. Washington, DC: GAO.

## **11-12 Service charges, impact fees, special assessments**

### 11. Costing out services and pricing them

Bland, REVENUE GUIDE, Chapters 7-8.

See also, International City Management Association. *Establishing the Cost of Services*.

### 12. Marketing services, determining who should pay for infrastructure

Bland, REVENUE GUIDE, Chapter 8.

See also, White, MARKETING GOVERNMENT SERVICES, Chapters 1-3.