

PA 891: Spring 2019

Time: Tues. 8:50-10:45am  
Location: Grainger 1270  
Instructor: Rourke O'Brien  
Office Hours: Mon 2-4 (LFS 204)  
& by appointment  
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### **PUBLIC AFFAIRS 891: STATE AND LOCAL PUBLIC FINANCE**

This course will examine the financing of state and local governments. The course is divided into four parts. The course begins by examining the structure of subnational governments and their role in providing public goods and services. We then analyze key sources of revenue for state and local governments, including property, income, consumption and business taxes as well as user fees and government borrowing. The course will analyze a range of current issues in the financing of state and local government services, with a specific focus on health, education, transportation and economic development.

#### **COURSE READINGS**

Required Text: Fisher, Ronald. 2015. State and Local Public Finance 4th Edition. Routledge. ISBN: 0765644274

Additional readings will be assigned throughout the course that engage current issues in state and local finance in real time. These will be available online.

#### **COURSE REQUIREMENTS**

- State Revenue Data Exercise (3p.) [**Due Week 4**]
- Midterm Exam [**Week 8**]
- State/Local Finance Issue Oped (1p.) [**Due Week 12**]
- State/Local Finance Issue Memo (4p.) [**Paper Due May 7**]

Details on each assignment will be provided in class and/or posted on the course website.

#### **EVALUATION**

Grades will be assigned based on the following:

- State Revenue Data Exercise: 15%
- Midterm Exam: 25%
- State/Local Finance Issue Oped: 20%
- State/Local Finance Issue Paper: 30%
- Class Participation (debates, discussions, activities): 10%

Note: Students are expected to be familiar with and adhere to University of Wisconsin policies regarding academic honesty and integrity. See: [students.wisc.edu/doso/academic-integrity/](http://students.wisc.edu/doso/academic-integrity/)

## COURSE OUTLINE AND READINGS [SUBJECT TO CHANGE]

### **Week 1 (January 22) Welcome, Introductions and Overview**

- Fisher 1: Why Study State and Local Government Finance (pp. 3-30)

### **Week 2 (January 29) State/Local Gov't Finance Structure**

- Fisher 2: Microeconomic Analysis: Market Efficiency and Market Failure (pp. 31-38)
- Fisher 3: Demand for State and Local Government and Goods (49-72) [Skim]
- Fisher 6: Organization of Subnational Government (111-127)
- [The 2018 State of Wisconsin Cities and Villages \[Skim\]](#)

### **Week 3 (February 5) Budgeting; Federalism; Fiscal Restraints**

- Fisher 4: Public Choice Without Mobility: Voting (73-92) [Skim]
- Fisher 5: Public Choice Through Mobility (93-110) [Skim]
- Fisher 7: Budgeting and Fiscal Outcomes
- Fisher 10: Intergovernmental Grants
- [State Tax and Expenditure Limits \(National Conference of State Legislature\)](#)
- [State General Fund Expenditure Limits \(Wisconsin Legislative Fiscal Bureau\)](#)

### **Week 4 (February 12) Principles of Taxation & Property Tax I**

- Fisher 12: Principles of Tax Analysis
- Fisher 13: The Property Tax: Institutions and Structure
- [NCSL: Principles of a High-Quality State Revenue System](#)
- [Property Assessment \(Wisconsin\)](#)

### **Week 5 (February 19) Property Tax II**

- Fisher 14: Property Tax: Economic Analysis and Effects
- [School Referenda on the Rise \(Wisconsin\)](#)
- [Do Levy Limits Lock in Disparities? \(Wisconsin\)](#)
- [Investigating Residential Property Taxes \(Wisconsin\)](#)
- [Wisconsin's Many Forms of Property Tax Relief](#)

### **Week 6 (February 26) Consumption Taxes**

- Fisher 15: Sales and Excise Taxes
- [Uncovering "Hidden" Taxes \(Wisconsin\)](#)

### **Week 7 (March 5) Personal Income Taxes**

- Fisher 16: Income Taxes
- [Five States Accomplish Tax Reform Following TCJA](#)
- [The Tax Debate Moves to the States](#)
- [What States Can Learn From Tax Reform Experiences](#)

**Week 8 (March 12) Midterm Exam**

**\*\*SPRING BREAK\*\***

**Week 9 (March 26) Business Taxes and Government Monopoly**

- Fisher 18: Revenue from Government Monopoly and Regulation
- Fisher 17: Business Taxes

**Week 10 (April 2) User Charges; Fines & Fees**

- Fisher 9: Pricing of Government Goods: User Charges
- [Fines, Fees, and Bail](#)

**Week 11 (April 9) Budgeting Principles, Forecasts, Volatility**

- [State and Local Government Pension Risks](#)
- [States Forecast Slow Revenue Growth](#)
- [Recommended Budget Practices: A Guide for Improved State and Local Budgeting](#)
- [Tax Revenue Volatility Varies Across States, Revenue Streams \(Pew\)](#)

**Week 12 (April 16) Borrowing, Debt and Capital Investment; TIFs**

- Fisher 11: Borrowing, Debt and Capital Investment
- [Tax Increment Financing](#)

**Week 13 (April 23) Social Finance; Economic Development**

- [Social Finance](#)
- Fisher 22: Economic Development
- [The Relationship Between Taxes and Growth at the State level: New Evidence](#)

**Week 14 (April 30) Immediate Issues in State/Local Finance**

*[Final Paper Due May 7<sup>th</sup> 2019]*