ECON 672 — Public Finance: Taxation and Intergovernmental Relations  
Syllabus, Spring 2021

MEETING TIME  
Tuesday and Thursday, 9:50–11:05 a.m., Haslam 303.

FACULTY INFORMATION  
Prof. Enda Patrick Hargaden  
Stokely Management Center 702  
Email: enda@utk.edu  
Office Hours: Tuesday 4:05-5:05 p.m.  
Friday 10:00–11:00 a.m.

Prof. Donald Bruce  
Stokely Management Center 717  
Email: dbruce@utk.edu  
Office Hours: T/Th 1:30–2:30 p.m.

COURSE DESCRIPTION  
Public Finance: Taxation and Intergovernmental Relations – Theory of taxation; tax incidence and tax efficiency; public good provision; optimal taxation; evasion, avoidance, and the elasticity of taxable income; policy analysis of U.S. tax structure at federal, state, and local levels. Theory of fiscal federalism and intergovernmental relations.

COURSE STRUCTURE AND ASSIGNMENTS  
Professor Hargaden will teach the first half of ECON 672, and Professor Bruce will teach the second half. The course grade will be based on two exams (one in class circa March 9 and one at the university-assigned final exam date/time, which is 8:00–10:15 a.m. on May 4), problem sets, presentations, participation, and a research project (due on the last day of class). No makeup exams will be given. More details on the project assignment are forthcoming. The reading list is subject to revision.

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<tr>
<td>Problem Sets and Presentation (Hargaden)</td>
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<td>Exam 1 (Hargaden)</td>
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<td>Research Project (Hargaden)</td>
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<td>Presentations and Participation (Bruce)</td>
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<td>Exam 2 (Bruce)</td>
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<td>Research Project (Bruce)</td>
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PLAGIARISM AND ACADEMIC HONESTY  
“An essential feature of The University of Tennessee is a commitment to maintaining an atmosphere of intellectual integrity and academic honesty. As a student of the University, I pledge that I will neither knowingly give nor receive any inappropriate assistance in academic work, thus affirming my own personal commitment to honor and integrity.”

DISABILITY  
Any student who feels he or she may need an accommodation based on the impact of a disability should contact the Office of Disability Services (ODS) at 865-974-6087 in 2227 Dunford Hall to document their eligibility for services. ODS will work with students and faculty to coordinate reasonable accommodations for students with documented disabilities.
If you need to be tested for COVID-19 because you are feeling sick or have been in close contact with someone who has been exposed, the Student Health Center provides diagnostic testing for students. If you get tested for COVID-19, you should begin self-isolating and follow university policies explained below.

If you are self-isolating or quarantining, do not come to class until you have been cleared to do so by your health care provider, the contact tracing team, or the Knox County Health Department. Your absences will be excused and accommodated only if you have followed the university’s policy on self-isolation. To verify that you are following university policy, you will need to email a copy of the confirmation email you receive after submitting your self-isolation form. You do not need to provide any personal medical information.

If you begin to feel sick or you have been in contact with someone who has COVID-19, the first step is to begin self-isolating immediately and fill out the university’s self-isolation form. The contact tracing team will follow up with you—generally within 24 hours, but the response time can vary depending on caseloads. You can read more about the university’s self-isolation policy and procedures at https://www.utk.edu/coronavirus/guides/how-and-where-to-self-isolate.

Readings

Textbooks


Efficiency and Equilibrium Outcomes

Chapter 6 of Atkinson and Stiglitz.


Optimal Commodity Taxation

Chapter 12 of Atkinson and Stiglitz.

Optimal Income Taxation

Chapter 4 of Kaplow.
Chapter 13 of Atkinson and Stiglitz.

Avoidance and Evasion

Economic Policy, 8(2):251–86.

Elasticity of Taxable Income

Bunching
Behavioral Approaches


Effects of Taxes on Behavior – Labor Supply


**Effects of Taxes on Behavior – Household Saving**


**Effects of Taxes on Behavior – Residential Housing**

Albouy, David, and Andrew Hanson. 2014. “Are Houses Too Big or In the Wrong Place? Tax Benefits to Housing and Inefficiencies in Location and Consumption.” *Tax Policy and the Economy* 28(1): 63-96.


**Effects of Taxes on Behavior – Portfolio Composition**


**Effects of Taxes on Behavior – Entrepreneurial Activity**


**Corporate/Capital Taxation**


Consumption Taxation

Fiscal Federalism, Tax Competition and Interactions Between Gov’s