

USP 579 STATE AND LOCAL PUBLIC FINANCE – WINTER 2025 v1

Professor: Jenny H. Liu, Ph.D.

Office: URB 370F

Email: jenny.liu@pdx.edu

OH: W 5:30-6:30pm and by appointment

Class Time: W 6:40pm – 9:20pm @ [Zoom](#) (passcode: drliu) or URB220

Course Website: <https://canvas.pdx.edu/courses/97317>

Required Textbook

Fisher, Ronald C. **State and Local Public Finance** (5th Edition.) Denoted as [F] below.
Routledge, 2022. (ISBN: 9780367467234 – paperback; 9781003030645 – ebook)

Additional readings will be posted on the course website.

Course Objective

This course will focus primarily on the financing of state and local governments, with some discussion of expenditure issues. This involves not only looking at the various sources of revenue and patterns of expenditure but also analyzing how government revenue-raising or spending choices affect the economy in terms of efficiency, equity and effectiveness. Students who complete this course will be able to:

- Understand how to apply basic microeconomic principles to the financing of state and local governments
- Assess the efficiency, equity and effectiveness of major state and local government revenue sources and structures (e.g., income, property, sales, excise and business taxes), with particular focus on Oregon-specific sources and structures
- Identify and analyze the strengths and weaknesses of various revenue structures
- Assess and analyze the outcomes of economic development policies in the context of state and local public finance

Grading

		Weight
Problem Sets		35%
Weekly Reading Reflections		35%
Class Participation		5%
Policy Presentation Proposal	02/12 (W6)	5%
Presentation and Executive Summary	03/12 (W10)	20%

Your grade will be based on your performance on the exam, problem sets, weekly reading reflections, class attendance and policy memo. Due dates are listed in the course calendar below (updates may be posted on Canvas as necessary).

Problem Sets

Problem sets will be posted on Canvas at least one week prior to its due date and may consist of quantitative, graphing, qualitative problems as well as short answer questions. Each problem set will be

	Posted	Due
PS#1	01/15	01/29 (W4)
PS#2	02/05	02/19 (W7)
PS#3	02/19	03/05 (W9)
These dates may be adjusted as necessary.		

counted equally. They need to be turned in *before the beginning* of class on the due dates in Canvas Assignments. Late submissions are accepted, but will receive an automatic 15% deduction for every 24 hours that it is late. Problem sets will be graded on effort, completeness, correctness and methodology chosen. You may work with your classmates, but you must write your own answers (please note **all** group member names on your problem set).

Weekly Reading Reflections

Weekly reading reflections should be turned in (on Canvas Discussion) before class each week, except in W1, W6 and W10. These reflections should be approximately 300-500 words, and include a critical and thoughtful reflection of the week's readings:

- **Assessing** the text (What are the main points of the readings? Which ideas stood out to me? Why? How is equity or social justice addressed or not addressed?);
- **Developing** your ideas (What do I know about this topic? Where does my existing knowledge come from? What are the observations or experiences that shape my understanding?);
- **Making connections** (How do these readings contribute to, reinforce or challenge my ideas and assumptions? How do these ideas connect to other issues in planning that you are exploring?).

The final weekly reflection (due during finals week) will be your reflections on *two* of your fellow classmates' presentations during W10. TWO lowest weekly reading reflection grades will be dropped, but you may NOT drop the reflection on presentations.

State and Local Public Finance Presentation

At the end of the term, you are required to research, analyze and present on a topic for **state and local public finance reform**. This topic must either be taken directly from the course syllabus, textbook or be approved by the professor. Your presentation must include policy recommendations for a particular state or local government, which means that you will need to incorporate the specific circumstances facing that particular jurisdiction. Grading will be mainly based on (i) content - quality of analysis (great recommendations are always supported by good analysis) and application of analytical tools; (ii) organization and (iii) communication. Some additional sources of information may be found in the National Tax Journal, Public Budgeting and Finance, Public Finance Review, the Economics of Education Review, Education Finance and Policy, Economic Policy and other journals.

- This presentation may be completed individually or in groups of 2-3 students. If you choose to work as a group, the group must be formed when the proposal is due.
- Sources must be cited in a standard bibliography or footnote format for each assignment turned in (e.g., APA or Chicago style).
- Each assignment must be turned in as a **PDF file** (10-point to 12-point font, single-spaced, 1-inch margins) into the Canvas Assignment before the beginning of class on the due date.

- Policy memo proposal (**due W6 02/12**): 1-2 page summary of the proposed topic with at least 3 proposed sources. Within the proposal, you may include sections about the background, research or analysis objectives, methodology, comparative cases, framework or criteria for decision-making, etc.
- Presentation and executive summary (**due W10 03/12**): An executive summary (no more than 3 pages per group member, not including tables, figures, graphs or references) should be posted on Canvas Discussion prior to class. Each group will have 5-10 minutes per group member (depending on number of groups formed) for the presentation. Additional time will be designated for Q&A and discussions.

USP 579 Course Calendar v1

Week 1 (01/08) & Week 2 (1/15)

Introduction

- ☐ [F] Chap 1 – “Why Study State and Local Government Finance”
- ☐ Crane, Randall (2006), “Public Finance Concepts for Planners,” Lincoln Institute.

Week 3 (01/22)

Microeconomic Tools & Tax Analysis

- ☐ [F] Chap 2 – “Microeconomic Analysis: Market Efficiency and Market Failure”
- ☐ [F] Chap 11 – “Principles of Tax Analysis”
- ☐ LRO (2023), “2023 Oregon Public Finance: Basic Facts,” Research Report #1-23, pp. A1-A7.

Week 4 (01/29) & Week 5 (02/05) & Week 6 (02/12)

Due: Problem Set #1 (01/29)

Due: Presentation Proposal (02/12)

Property Tax

- ☐ [F] Chap 12 – “The Property Tax”
- ☐ LRO, “Oregon’s Property Tax System: Horizontal Inequities under Measure 50,” Research Report #4-10 (September 2010), pp. 1-8.
- ☐ Paquin & Kenyon (2018), “Significant Features of the Property Tax,” Lincoln Institute of Land Policy.
- ☐ Willamette Week, “Spot the Differences!” (October 2007)
- ☐ Liu, Jenny and Jeff Renfro (2014), “Oregon Property Tax Capitalization: Evidence from Portland,” NERC Report.
- ☐ Merriman (2018), “Improving Tax Increment Financing (TIF) for Economic Development,” Lincoln Institute of Land Policy.

Local Government Budgeting

- ☐ [F] Chap 7 – “Supply of state and local goods and services”
- ☐ League of Oregon Cities (2020), “Budgeting Basics”
- ☐ CBPP (2022), “State Budgets Basics”

Week 7 (02/19)

Due: Problem Set #2 (02/19)

Guest Lecture – To be confirmed

Consumption Taxes

- ☐ [F] Chap 13 – “Sales and Excise Taxes”
- ☐ ITEP Chap 3 – “Sales and Excise Taxes”
- ☐ Marron & Morris (2016), “How should governments use revenue from corrective taxes,” Tax Policy Center.

Week 8 (02/26)

Income Taxes

- ☐ [F] Chap 14 – “Individual Income Taxes”
- ☐ LRO, “Oregon’s 2% Surplus Kicker,” Research Report #2-07.
- ☐ Tannenwald et al. (2011), “Tax Flight is a Myth – Higher State Taxes Bring More Revenue, Not More Migration,” Center on Budget and Policy Priorities
(<http://www.cbpp.org/cms/index.cfm?fa=view&id=3556>).

Week 9 (03/05)

Due: Problem Set #3 (03/05)

Business Taxes and Economic Development

- ☐ [F] Chap 15 – “Business Taxes”
- ☐ [F] Chap 20 – “Economic Development”
- ☐ Pew (2017), “How States are Improving Tax Incentives for Jobs and Growth” (p.1-22).

Week 10 (03/12)

Due: State & Local Public Finance Presentation and Executive Summary (03/12)

Finals Week

Due: Reflections on two presentations (03/19)

COURSE POLICIES

Building an inclusive learning environment requires us to work together to listen (reading carefully and reflecting in the online environment), and make room for all to have a say (asking questions and interacting in an encouraging way); to support each other to find our voice; and to recognize and anticipate a wide range of perspectives, backgrounds, experiences, identities, and ways of being in the world.

I hope that we can begin from a place of mutual respect and gentle personalism – taking each other where we are at each day, offering the benefit of the doubt, and being aware that the workings of power and privilege impact different communities and individuals in different ways. These are difficult times and we are all experiencing the Coronavirus pandemic and its impacts in different ways - please be gentle with one another and do not make assumptions about what anyone is going through. We can all promote safe and inclusive learning by listening deeply (including reading carefully and reflecting) and being ready to learn from those around us.

In a hybrid/online learning environment, it is important to work to write clearly, thoughtfully, and respectfully (take your time and consider the impact of your words). Please learn and use the correct pronouns for your classmates, please do not make assumptions. I will work to support you in learning how to engage online in respectful and encouraging ways; begin from the knowledge that behind each comment and profile is a person who deserves to be treated with respect and care. The quality, thoughtfulness, and clarity of your posts will be considered in assessment.

Academic Misconduct Policy

You are expected to display academic integrity and honesty. Academic dishonesty will not be tolerated. The PSU Student Code of Conduct defines academic dishonesty as follows:

- (1) Academic dishonesty. Academic dishonesty is the act of knowingly or intentionally seeking to claim credit for the work or effort of another person or participation in such acts. This includes, but is not limited to: (a) cheating, (b) fraud, (c) plagiarism, such as word for word copying, using borrowed words or phrases from original text into new patterns without attribution, or paraphrasing another writer's ideas; (d) The buying or selling of all or any portion of course assignments and research papers; (e) Performing academic assignments (including tests and examinations) for other persons; (f) Unauthorized disclosure or receipt of academic information; (g) Falsification of research data; and (h) Unauthorized collaboration.

(<http://www.pdx.edu/dos/psu-student-code-conduct>)

Students are responsible for knowing both in-class behavior and rules governing use of materials in academic work. Plagiarism includes both other students' work and Wikipedia (or anything from the internet) that is not properly cited. Students agree that by taking this course all required papers may be subject to submission for textual similarity review to Turnitin.com for the detection of plagiarism. All submitted papers will be included as source documents in the Turnitin.com reference database solely for the purpose of detecting plagiarism of such papers. Use of Turnitin.com page service is subject to the Usage Policy and Privacy Pledge posted on the Turnitin.com site. Any student found plagiarizing work or violating any part of PSU's academic integrity policy will receive a failing grade for the course.

Access and Inclusion for Students with Disabilities

PSU values diversity and inclusion; My goal is to create a learning environment that is accessible, equitable, inclusive, and welcoming. I am committed to fostering mutual respect and full participation for all students. If any aspects of instruction or course design result in barriers to your inclusion or learning, please notify me. Additionally, the Disability Resource Center (DRC) provides reasonable accommodations for students who encounter barriers in the learning environment. The DRC works with students who have physical, learning, cognitive, mental health, sensory, and other disabilities.

If you have, or think you may have, a disability that may affect your work in this class and feel you need accommodations, contact the Disability Resource Center to schedule an appointment and initiate a conversation about reasonable accommodations. If you already have accommodations, please contact me to make sure that I have received your faculty notification letter from the DRC so we can discuss your accommodations.

The DRC is located in 116 Smith Memorial Student Union, Suite 116. You can also contact the DRC at 503-725-4150 or, drc@pdx.edu. Visit the DRC online at <https://www.pdx.edu/disability-resource-center>.

Title IX Support and Resources

[Title IX violations](#) and sexual misconduct under [PSU's Prohibited Discrimination and Harassment policy \(Interim\)](#) include gender/sex discrimination, sexual harassment, sexual assault or any other form of gender based violence. We all strive to build a community that treats others respectfully and with civility; however, we want to be sure that you are prepared if incidents occur.

Portland State is committed to providing an environment free of all forms of prohibited discrimination and sexual harassment (sexual assault, domestic and dating violence, and gender or sex-based harassment and stalking). If you have experienced any form of gender or sex-based discrimination or sexual harassment, know that help and support are available. Information about PSU's support services on campus, including confidential services and reporting options, can be found on PSU's Sexual Misconduct Prevention and Response website at:

<http://www.pdx.edu/sexual-assault/get-help> or you may call a confidential IPV Advocate at 503-725-5672 or schedule Online at <https://psuwrc.youcanbook.me>. You may report any incident of discrimination or discriminatory harassment, including sexual harassment, to:

- PSU's Title IX Coordinator: Julie Caron by calling 503-725-4410, via email at titleixcoordinator@pdx.edu or in person at Richard and Maureen Neuberger Center (RMNC), 1600 SW 4th Ave, Suite 830
- Deputy Title IX Coordinator: Yesenia Gutierrez by calling 503-725-4413, via email at yesenia.gutierrez.gdi@pdx.edu or in person at RMNC, 1600 SW 4th Ave, Suite 830

Please be aware that all PSU faculty members and instructors are required to report information of an incident that may constitute prohibited discrimination, including sexual harassment and sexual violence. This means that if you tell me about a situation of sexual harassment or sexual violence that may have violated university policy or student code of conduct, I have to share the information with my supervisor, the University's Title IX Coordinator or the Office of the Dean of Student Life. However, the Title IX Coordinators will keep the information confidential and refer you to a confidential advocate. For more information about Title IX please complete the required student module *Creating a Safe Campus* in your Canvas.

Generative AI (artificial intelligence) Policy

Since writing, analytical, and critical thinking skills are part of the learning outcomes of this course, all assignments should be prepared by the student. Developing strong competencies in this area will prepare you for a competitive workplace. Therefore, AI-generated or AI-assisted submissions are not permitted and will be treated as plagiarism.

Calendar/Schedule

Course calendar is tentative and is subject to change as the instructor deems appropriate. Please check online for any updates.