Agents of Impatience:

State Tax Policy & Administration

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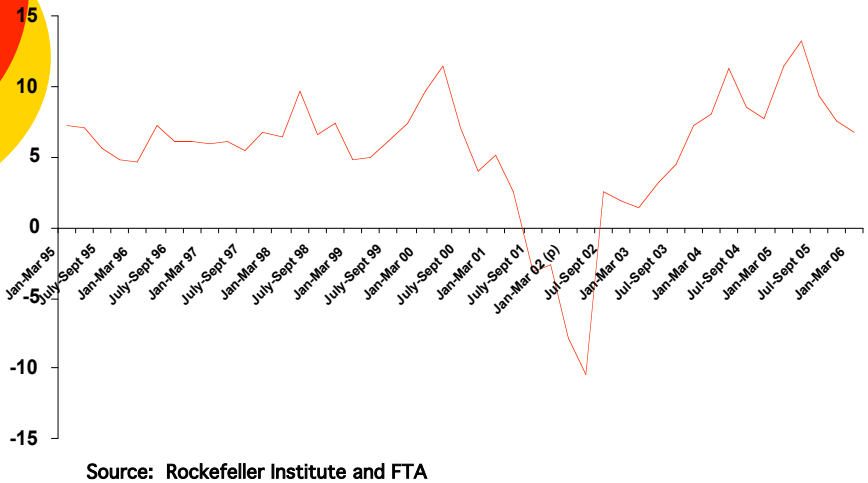
Rise - Fall - Rise of State Taxes

[Year over Year Change -- Total Taxes]



Source: Rockefeller Institute and FTA

Have "We" Learned Anything?

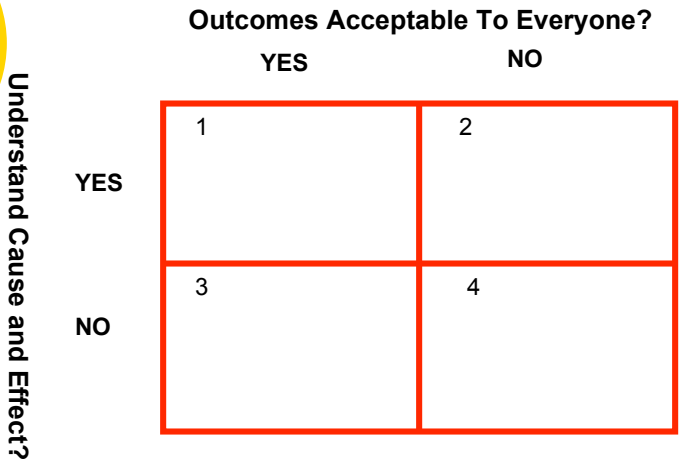
- Most Recent 12 Month Period of Economic Expansion

WHY ?

WE ONLY THINK WE

UNDERSTAND RELATIONSHIPS

Known and Unknown Effects & Desirable and Undesirable Outcomes



Economic Development

- Economic Development Has Trumped Almost Every Other Normative Criteria of Tax Policy
- Sufficient Revenue
- Horizontal Equity
- Vertical Equity
- Stability
- Compliance
- Administration
- Economic Development Has Become the Center of Gravity of Tax Policy

TAX CHANGE

ONE RESULT IS THAT WE DON'T FULLY APPRECIATE THE CONSEQUENCES OF TAX CHANGES

EXAMPLE OF AN UNINTENDED CONSEQUENCE

- Decentralization to Recentralization
- Duncombe, & Yinger

ASYMMETRIC INFORMATION

- REAL
- IMAGINED

REBUDGETING

DEALING WITH AGENTS OF IMPATIENCE

DEVELOPING METHODS AND A CULTURE TO USE ASYMMETRIC INFORMATION

RISK

ADDRESS AND USE YOUR UNDERSTANDING OF RISK

Horizontal Inequity in the Property Taxation of Apartment, Industrial, Office, and Retail Properties

Abstract – *Researchers have carefully examined assessment uniformity in ad valorem taxation for single-family residential properties and they have frequently reported nonuniform outcomes in the appraisal of these properties. This study analyzes the uniformity of assessed valuations across apartment, industrial, office, and retail properties in Maricopa County (Metropolitan Phoenix), Arizona. Specifically, we investigate horizontal equity, which results when the assessment ratio (assessed value/sales price) is uniform across properties with similar market values. We examine horizontal equity over a five-and-one-half-year period (January 1998–June 2003). After applying both parametric and nonparametric tests, we find statistically significant evidence of horizontal inequity. We find that retail properties are underassessed compared to apartments, and office properties are overassessed compared to apartments; however, we find little difference between industrial and apartment properties. We also find that properties owned by out-of-state residents are overassessed compared to properties owned by in-state residents.*

INTRODUCTION

Economists consider the property tax a critical component in the delivery of public services by local governments (Fisher, 1996). McGuire (1999) suggests that the benefits of the property tax as a source of local revenue have become "almost dogma" among public finance economists.[1] The property tax, however, does not always measure up to the benefits suggested in the literature. In practice, the property tax often suffers from several shortcomings, with one of the most serious shortcomings occurring when the property tax is nonuniform (Musgrave and Musgrave, 1989; Rosen, 2002).

Administration of the property tax requires that a taxable value be set on a specific date (lien date) by an elected or appointed public official. Valuation is difficult, and assessors are often underfunded and understaffed, making the task even more difficult. The taxable value for other taxes is based on actual and reoccurring economic events such as sales or

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[1] See Hamilton (1975), Oates (1996, 2001), Giertz and McGuire (1991), Tideman, Akelsundo, Johns and Wuthicharoen (2002), Brueckner (1986), Case and Grant (1991)

TABLE 5
REGRESSION COEFFICIENTS FOR HORIZONTAL EQUITY ANALYSIS
(Data Are Segregated by Property Value)

		Mortgage Lender Criteria			Quintile Criteria					Clapp Criteria		
Variable Name	Aggregate	Lender 1	Lender 2	Lender 3	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	Clapp 1	Clapp 2	Clapp 3
Industrial	0.0167	-0.0458	-0.0048	0.0166	-0.0593	-0.0956*	-0.0650	0.0118	0.0632	-0.0396	0.0103	0.0798*
Office	0.1009*	0.2095*	0.1237*	0.0738	0.2179*	0.1800*	0.2171*	0.2323*	0.1415	0.1132*	0.1368*	0.0839*
Retail	-0.1350*	0.0151	-0.1195*	-0.0398	0.0264	-0.0241	-0.0111	0.0749	0.0455	-0.0491	-0.1940*	0.0101
Seller Out-of-State	0.0284*	0.0432*	0.0441*	-0.0065	0.0579*	0.0443*	0.0363	0.0406	0.0232	-0.0002	0.0540*	0.0276
Ln. Sq. Ft.	0.0786*	0.3242*	0.1709*	0.1949*	0.3597*	0.4142	0.3322*	0.3468*	0.1999	0.2266*	0.0845*	0.0784*
Ln. No. Floors	-0.0017	0.0038	-0.0428	0.0369	0.0425	-0.0117	-0.0869*	0.0346	0.0411	-0.0027	-0.0530	0.0650*
Land-to-Bldg. Ratio	0.0004	0.0091*	0.0026*	0.0004	0.0094*	0.0183*	0.0020	0.0108*	0.0006	0.0060*	-0.0007	0.0004
Age	0.0078*	-0.0002	0.0045*	0.0223*	-0.0042	0.0018	-0.0053*	0.0021	0.0219	0.0007	0.0087*	0.0156*
Age Sq.	-0.0001*	-0.0001*	-0.0001*	-0.0005*	-0.0001	-0.0001	-0.0001	-0.0002*	-0.0005	-0.0001*	-0.0002*	-0.0003*
Better Condition	-0.2084*	-0.0398	-0.2098*	-0.0826*	-0.0482	-0.1294*	-0.1893*	-0.1136*	-0.1108	-0.0816	-0.2817*	-0.1115*
Worse Condition	0.0973*	0.0456	0.0468	0.2861*	0.0348	0.0252	-0.0157	0.0291	0.2675	0.0364	0.1196	0.2034*
Block & Stucco	0.0222	0.0090	0.02089	0.0128	0.0110	-0.0084	0.0060	0.0017	0.0323	0.0035	0.0501	0.0271
Frame	-0.0328*	-0.0148	-0.0463	-0.0441	-0.0143	-0.1402*	0.0358	-0.0304	0.0043	0.0089	-0.0595	0.0111
Other Materials	-0.0320*	-0.0686*	-0.0212	-0.0301	-0.0037*	-0.0475	0.0394	-0.0602	-0.0243	-0.0782*	-0.0098	-0.0189
ScottsdaleCC	-0.0474*	-0.0144	0.0149	-0.0202	0.0089	0.0868*	0.0395	0.1373*	0.0100	-0.0006	-0.0794	-0.0342
Tempe	-0.0040	0.0145	0.0467	-0.0054	0.0304	0.0705	0.5713	0.0913*	0.0039	0.0030	0.0242	-0.0266
East Valley	0.0429*	0.0375	0.0373	0.0046	0.0437	0.0371	0.0417	0.0088	0.0302	0.0360	0.0463	0.0329
West Valley	0.0412*	0.0438	0.0117	0.0100	0.0435	-0.0644	0.0794	-0.0154	0.0103	0.0538	0.0642	-0.0227
Year 1999	-0.0486*	-0.0332	-0.0453	0.0655	0.0045	-0.0494	-0.0787*	0.0147	0.0556	0.0017	-0.0826*	-0.0088
Year 2000	-0.0980*	-0.0935*	-0.0820*	0.0353	-0.0089	-0.0591	-0.9798*	0.0950*	0.0094	-0.0619*	-0.1496*	-0.0113
Year 2001	-0.1131*	-0.1220*	-0.0821*	0.0583	-0.0886	-0.0691	-0.1001*	0.0705	0.0352	-0.0902*	-0.1634*	0.0098
Year 2002	-0.1007*	-0.1279*	-0.0372	0.0453	-0.0602	-0.0938*	-0.0338	0.1057*	0.0551	-0.1020	-0.1367*	0.0272
Year 2003	-0.0912*	-0.0771*	-0.0407	0.0571	-0.0414	-0.0096	-0.0236	0.1491*	0.0655	-0.0680	-0.1415*	0.0196
Constant	-1.1907*	-3.1693*	-2.0860*	-2.8826*	-3.3812*	-4.1215*	-3.4388*	-4.6411*	-3.0024	-2.3751*	-1.1910*	-1.4770
F-statistic	107.81*	42.48*	33.88*	3.58*	31.28*	34.98*	31.86*	16.81*	3.01*	19.74*	71.73*	4.93*
Adj. R-Sq	0.1857	0.2925	0.2428	0.3135	0.3175	0.3537	0.3234	0.4275	0.3167	0.2017	0.2195	0.1736
No. of Obs	4,499	1,363	2,383	753	918	883	908	891	899	1,173	2,016	1,310

Notes: F-statistic Null Hypothesis: Industrial = Office = Retail
*Significant at the 0.05 level.

The NEW ENGLAND JOURNAL of MEDICINE

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DNA Repair by ERCC1 in Non–Small-Cell Lung Cancer and Cisplatin-Based Adjuvant Chemotherapy

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ABSTRACT

BACKGROUND

Adjuvant cisplatin-based chemotherapy improves survival among patients with completely resected non–small-cell lung cancer, but there is no validated clinical or biologic predictor of the benefit of chemotherapy.

METHODS

We used immunohistochemical analysis to determine the expression of the excision repair cross-complementation group 1 (ERCC1) protein in operative specimens of non–small-cell lung cancer. The patients had been enrolled in the International Adjuvant Lung Cancer Trial, thereby allowing a comparison of the effect of adjuvant cisplatin-based chemotherapy on survival, according to ERCC1 expression. Overall survival was analyzed with a Cox model adjusted for clinical and pathological factors.

RESULTS

Among 761 tumors, ERCC1 expression was positive in 335 (44%) and negative in 426 (56%). A benefit from cisplatin-based adjuvant chemotherapy was associated with the absence of ERCC1 (test for interaction, P=0.009). Adjuvant chemotherapy, as compared with observation, significantly prolonged survival among patients with ERCC1-negative tumors (adjusted hazard ratio for death, 0.65; 95% confidence interval [CI], 0.50 to 0.86; P=0.002) but not among patients with ERCC1-positive tumors (adjusted hazard ratio for death, 1.14; 95% CI, 0.84 to 1.55; P=0.40). Among patients who did not receive adjuvant chemotherapy, those with ERCC1-positive tumors survived longer than those with ERCC1-negative tumors (adjusted hazard ratio for death, 0.66; 95% CI, 0.49 to 0.90; P=0.009).

CONCLUSIONS

Patients with completely resected non–small-cell lung cancer and ERCC1-negative tumors appear to benefit from adjuvant cisplatin-based chemotherapy, whereas patients with ERCC1-positive tumors do not.

From the Laboratory of Radiobiology and Oncology, Commissariat à l'Energie Atomique, Fontenay aux Roses, University of Paris 11, Paris (K.A.O., S.T.-J., C.S.); the Biostatistics and Epidemiology Unit (A.D., V.H., J.-P.P.) and the Departments of Pathology and Translational Research (F.E., T.L.C., J.-C.S.), Institut Gustave Roussy, Villejuif, the Department of Pathology, Centre Hospitalier Universitaire Albert Michallon, Grenoble (E.B.), and the Université Pierre et Marie Curie, Paris (P.F.) — all in France; the Department of Internal Medicine, Medical University of Vienna, Vienna (M.F., R.P.); the Institute of Pathology, University Medical School of Graz, Graz, Austria (H.H.P.); and Rhein and Fabrikova für Onkologie, Universitätsspital Zurich (R.S.). Address reprint requests to Dr. Soria at the Department of Medicine, Institut Gustave Roussy, 39 Rue Camille Desmoulins, 94805 Villejuif, France, or at soria@igr.fr.

*Other investigators who participated in the International Adjuvant Lung Cancer Trial Biology (IALT Bio) study are listed in the Appendix.

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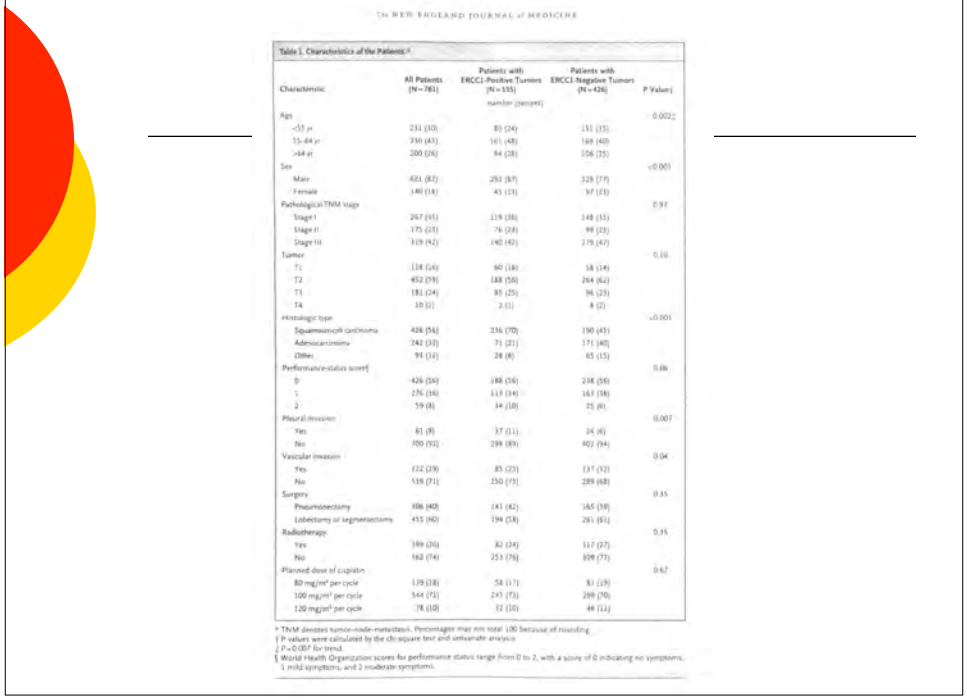


THE NEW ENGLAND JOURNAL of MEDICINE

Table 1. Characteristics of the Patients.*

Characteristic	All Patients (N = 761)	Patients with ERCC1-Positive Tumors (N = 335)	Patients with ERCC1-Negative Tumors (N = 426)	P Value†
		number (percent)		
Age				0.002‡
<55 yr	231 (30)	80 (24)	151 (35)	
55–64 yr	330 (43)	161 (48)	169 (40)	
>64 yr	200 (26)	94 (28)	106 (25)	
Sex				<0.001
Male	621 (82)	282 (87)	339 (77)	
Female	140 (18)	43 (13)	97 (23)	
Pathological TNM stage				0.97
Stage I	267 (35)	119 (36)	148 (35)	
Stage II	175 (23)	76 (23)	99 (23)	
Stage III	319 (42)	140 (42)	179 (42)	
Tumor				0.10
T1	118 (16)	60 (18)	58 (14)	
T2	452 (59)	188 (56)	264 (62)	
T3	181 (24)	85 (25)	96 (23)	
T4	10 (1)	2 (1)	8 (2)	
Histologic type				<0.001
Squamous-cell carcinoma	426 (56)	236 (70)	190 (45)	
Adenocarcinoma	242 (32)	71 (21)	171 (40)	
Other	93 (12)	28 (8)	65 (15)	
Performance-status score¶				0.46
0	426 (56)	188 (56)	238 (56)	
1	276 (36)	113 (34)	163 (38)	
2	59 (8)	34 (10)	25 (6)	
Pleural invasion				0.007
Yes	61 (8)	37 (11)	24 (6)	
No	700 (92)	298 (89)	402 (94)	
Vascular invasion				0.04
Yes	222 (29)	85 (25)	137 (32)	
No	539 (71)	250 (75)	289 (68)	
Surgery				0.35
Pneumonectomy	306 (40)	141 (42)	165 (39)	
Lobectomy or segmentectomy	455 (60)	194 (58)	261 (61)	
Radiotherapy				0.35
Yes	199 (26)	82 (24)	117 (27)	
No	562 (74)	253 (76)	309 (73)	
Planned dose of cisplatin				0.67
80 mg/m² per cycle	129 (18)	58 (17)	71 (19)	
100 mg/m² per cycle	544 (71)	247 (73)	299 (70)	
120 mg/m² per cycle	78 (10)	32 (10)	46 (11)	

* TNM denotes tumor-node-metastasis. Percentages may not total 100 because of rounding.
† P values were calculated by the chi-square test and univariate analysis.
‡ P=0.007 for trend.
¶ World Health Organization scores for performance status range from 0 to 2, with a score of 0 indicating no symptoms, 1 mild symptoms, and 2 moderate symptoms.

REPORT RISK

Assuming Too Much Knowledge

- Half Life of Technical Skills
- Coverage in An Economics Class

4TH DOWN

- Carter & Machol (1978)
- Romer (2005)
- "Go for it"

Systematic and Non-systematic Risk

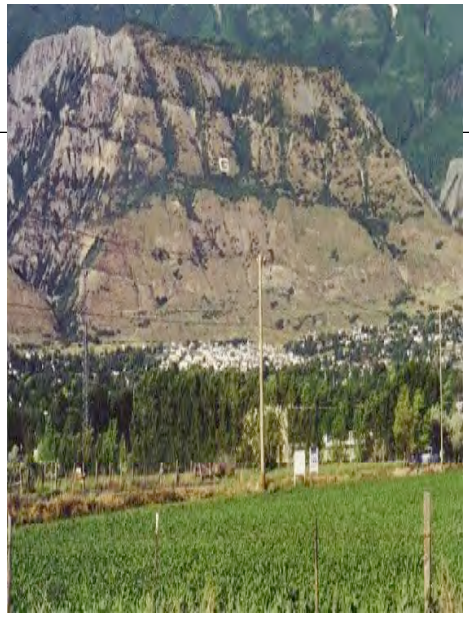
DIFFICULT TASK

- CRAWFORD (1972)
  - 1300
- REVENUE FORCASTS (TOMORROW)
  - MILLIONS

THIN POCKETBOOK…

FAT LIFE……

WHAT HAPPENS IF YOU ALLOW THE "AGENTS" TO WIN?



TAX POLICY

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TAX POLICY

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