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Tax Policy 6373/25759
Fall 2026
University of Houston Law Center
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Monday and Wednesday 2:30-4:00pm
Face to Face Room xxx
Office hours by Zoom by appointment

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COURSE DESCRIPTION: Tax Policy is a simulation course that develops skills in the analysis of tax policy. As a field, tax policy focuses on whether the current tax system or proposed tax systems meet our desired criteria for taxes. These criteria include raising sufficient revenue without causing distortions in economic behavior, meeting standards of fairness consistent with public understanding, and whether the tax system can be administered fairly and at a relatively low cost.

To be fluent in tax policy, it is necessary to look at taxes from a wide range of intellectual perspectives, including law, economics, philosophy, psychology, and history. This class explores a variety of different aspects of tax policy including tradeoffs between economic efficiency and equity; key elements and weaknesses in U.S. tax law; the ethics and psychology of taxation; comparative perspectives on taxation; taxation and racial equality; and proposals to tax the very wealthy.

TAX POLICY AS A SIMULATION COURSE: This class is designed as a simulation class that provides a set of experiences comparable to what a practicing lawyer would engage in with respect to the development of tax policy. Lawyers working in tax policy provide advice and guidance to lawmakers and government bodies that debate or formulate tax law. They can represent a wide variety of private and public sector clients.

In this class, students will develop these skills by preparing tax policy memos based on the knowledge gained through classroom instruction and reading. These memos can be written from a variety of perspectives—for example, advocating for the interests of a client that would be affected by a proposed change in the law, representing the views of different advocacy groups, or raising technical considerations on the design of the law that legislatures or regulators will need to address. During the semester, students will prepare <u>four</u> memos. These memos will be reviewed, critiqued, and constitute a significant element of the grade for the class.

PREREQUISITE: Federal Income Tax

LEARNING OBJECTIVES/GOALS/OUTCOMES:
By the end of the course, the students should be able to:
1) Explain broad perspectives of the economics, philosophy, and politics of tax policy. Explain with concrete examples the basic tensions between efficiency and equity in taxation, the social and moral foundations of taxation, and trends in historical practice.
2) Write concise and effective memos on tax policy as would be expected from a practicing lawyer.

COURSE REQUIREMENTS AND FORMAT:

This is an in-person class. Most classes will consist of both lectures and discussion. Readings will be assigned ahead of time and students should have read the material before class to facilitate discussion. I will use Power Points and make them available after the class. There will also be short weekly required assignments to help you understand the reading. A primary focus of the class will be in writing four memos on tax policy simulating the activities of a practicing lawyer.

I will discuss the nature of these memos more fully in class. However, these memos should be carefully and tightly written and range from 4-6 pages in length.

There will **not** be a final exam.

In summary, all students will be required to:

(1) Complete the reading, regularly attend class, and participate fully in class discussions.
(2) Respond to any weekly assignments.
(3) Complete the four (4) tax policy memos as assigned.

GRADING AND ASSESSMENT

Grades will be primarily based on the performance of the tax policy memos. To allow for a learning curve and to account for excellence in class participation and weekly assignments, the composition of the final grades will be weighted as follows:

17% MEMO 1

18% MEMO 2

22% MEMO 3

23% MEMO 4

20% CLASS PARTICIPATION AND OTHER ASSIGNMENTS

The course is listed as *Conditional Availability* for Pass-Fail Student Election

ATTENDANCE POLICY

The UHLC has a minimum 80% attendance policy for students, which will be in force for this class. Please notify me in advance if you will not be attending any class. Attendance below the minimum will be recognized in your final grade for the class through an adjustment of the class participation component. Severe violations will be referred to the Office of Student Affairs.

CONSULTATIONS

Students who wish to meet with me should email me or see me before or after class to set up an appointment. I will generally be available after class. For an extended appointment, we can have consultations through Zoom.

HONOR CODE

The UHLC Honor Code applies to all aspects of this course. You are responsible for knowing all Honor Code provisions and for complying with the Honor Code. Please inquire if you have any questions regarding how the Honor Code's provisions apply to specific activities or situations related to this course. Your continuing enrollment in this course is deemed to be a pledge by you under the Honor Code to comply with the Honor Code in relation to this course and to comply with the instructions in the course syllabus.

USE OF ARTIFICIAL INTELLIGENCE (AI)

General.

Generative artificial intelligence is a form of machine learning that creates new and original output based on the data it has been trained on or has access to, employing algorithms to generate content in response to prompts. Examples of the technology include what are known as generative "large language models" (LLMs). Two well-known LLM implementations are ChatGPT and Claude. LLM output can include text, images, music, code, and more. This syllabus policy covers the textual output of generative LLMs (AI-Generated Work Product)—which can include computer code or programs and human-language content. Because AI-Generated Work Product can often mimic human intelligence, it could potentially be used as a substitute for a student's own work product. Such use is potentially problematic to the extent that it becomes a substitute for internalized student understanding of the material or creates a dependency on AI-Generated Work Product, which may be strictly prohibited in settings that include the bar examination.

<u>Prohibition</u>.

Subject to the exceptions immediately below, your continuing enrollment in this course constitutes your pledge not to generate or to use any AI-Generated Work Product—whether from yourself or others—in relation to any assessment in this course. The term "assessment" means any graded or ungraded work product for this course that is submitted to the instructor, presented in a class session, or used in an oral or written graded assessment for this course.

<u>Exceptions</u>.

The following AI-Generated Work Product uses are exceptions to the preceding prohibition. The exceptions' intent is to allow the generation and use of AI-Generated Work Product for specific, narrowly defined activities related to this course.

You may generate and use AI-Generated Work Product for class preparation, although you must disclose the full extent of that use if your instructor asks. You may generate and use AI-Generated Work Product for study supplements to aid with general understanding of course content. This could take different forms that include creating examples or explanations of a concept, generation of diagrams and flow charts, "gamification" of course content, flash cards for study, or sample questions and answers.

You may generate and use AI-Generated Work Product for an outline that summarizes the course content.

You may use AI-Generated Work Product to check your originally drafted text for misspellings, grammar and punctuation errors, strength and clarity of prose, verbosity, effective transitional language and thesis sentences, word choice, excessive passive voice, and like things.

You may use AI-Generated Work Product for the purpose of language translation.

READINGS

I plan to make extensive use of <u>Canvas</u> and will post articles, commentaries, and other material on Canvas. Fortunately, much of the material we will use will be available in that manner. Following the tentative weekly schedule, I provide a list of articles that we may read. This list will be regularly supplemented and the articles made available to you.

There are several **required books** you should **purchase** for the course. There are also **chapters from other required books that will be made available to you through Canvas**. You may wish to purchase some of these. Finally, I provide a list of **recommended books for background**.

BOOKS

(These may be available in the bookstore; all are available on Kindle)

REQUIRED FOR PURCHASE

T.R. Reid, *A Fine Mess: A Global Quest for a Simpler, Fairer, and More Efficient Tax System,* Penguin Books.

Steven M. Sheffrin, *Behind Tax Policy Controversies: Social, Legal, and Economic Foundations*, Anthem Press, 2023

Emmanuel Saez and Gabriel Zucman, *The Triumph of Injustice: How the Rich Dodge Taxes and How to Make Them Pay*, 2019, W.W. Norton.

Michael Graetz, *The Power to Destroy*, Princeton University Press

CHAPTERS FROM THESE REQUIRED BOOKS WILL BE POSTED ON CANVAS

Liam Murphy and Thomas Nagel, *The Myth of Ownership*, Oxford Press, (A very liberal view of tax policy)

Steven Sheffrin, *Tax Fairness and Folk Justice*, Cambridge Press. (A more "populist" oriented approach to tax issues.)

Kenneth Scheve and David Stasavage, *Taxing the Rich: A History of Fiscal Fairness in the United States and Europe*, Princeton U. Press

RECOMMENDED FOR BACKGROUND

Edward McCaffery, *The Oxford Introductions to U.S. Law—Income Tax Law*, Oxford U, Press [A nice introduction to the key concepts in income tax law and useful background if needed].

Christopher Hanna, *Tax Policy In a Nutshell*, 2nd Edition 2022, West Academic Publishers

TENTATIVE WEEKLY SCHEDULE

Below is the week-by-week <u>tentative</u> schedule of the subject matter to be covered. This will be updated regularly to reflect the pace of the class; precise reading assignments for each week will be posted in Canvas. I will provide the exact due dates for the simulation papers.

WEEK	Topic	Sample Readings (see article and book lists)
August 24 and 26	Overview of Tax Policy	*TR Reid, A Fine Mess* and Sheffrin *Behind Tax Policy Controversies* Chapter 1
Aug 31 and Sept 2	Tax Expenditures, Excess Burden, and Haig-Simons	*Reid, A Fine Mess* Sheffrin *Behind Tax Policy Controversies* Chapter 2. Tax Policy Center List of Tax Expenditures
<u>No Class Labor Day Sept 7</u> Sept 9	Reassessing the Broad Base Low Rates Doctrine	*TR Reid A Fine Mess* and Articles: Alm, Hines, Sheffrin (Realization)
Sept 14 and 16	Deeper Dive on Selected Deductions Including new OBBB provisions	Articles: Wetzler and Sullivan on State and Local Deduction, Andrews on Charity and Medical Expenses
Sept 21 and 23	Optimal Income Taxation **First Simulation Exercise Due**	Articles: Weisbach, Mankiw et. al
Sept 28 and 30	Consumption and Income Taxation	Article: Weisbach (Legal Rules) and Bankman, Sheffrin *Behind Tax Policy Controversies*, Chapter 3
Oct 5 and 7	Philosophy of Taxation	Murphy and Nagel, *Myth of Ownership,* and critiques by Mack and Brennan
Oct 12 and 14	Psychology and Taxation	Sheffrin, *Folk Justice* chapters and Article by Liscow and Fox
Oct 19 and 21	Racial Issues in Taxation **Second Simulation Exercise Due**	Articles by Dorothy Brown, Bearer-Friend, Sheffrin *Behind Tax Policy Controversies* Chapter 6

Oct 26 and 28	History of Taxing the Rich and the Missing US VAT	Scheve and Stasavage *Taxing the Rich* and Article: Mehrota
Nov 2 and 4	US Tax Resistance Since the 1970s	Graetz *The Power to Destroy*
Nov 9 and 11	Selected International Issues in Tax Policy: Corporate and Personal	Sheffrin, *Behind Tax Policy Controversies* Chapter 4, TR Reid *A Fine Mess* and Articles: by Oei and Mason
Nov 16 and 18	High End Inequality **Third Simulation Exercise Due**	Saez and Zucman *Triumph of Injustice* and Sheffrin, *Behind Tax Policy Controversies* Chapter 7
Nov 23 (No Class 25th)	Novel Proposals for income and wealth Taxation	Sheffrin, *Behind Tax Policy Controversies*, Chapter 7, Article by Batchelder and Kamin, proposals from Biden Administration, U.S. state wealth taxes, and Zucman on worldwide billionaires taxation.
Nov 30 (Last Day of Class)	Novel Proposals *Continued* and Changes in the Tax Landscape for Business Entities	Article by: Fox, Liscow, and Love Article Background: Weisbach (Risk)
Exam Period	**Final Simulation Exercise Due Saturday, Dec 5th**	

Preliminary List of Selected Articles (these and others will be available on Canvas):

William Andrews, "Personal Deductions in an Ideal Income Tax," Harvard Law Review Dec 1972

Jams Alm, Is the Haig–Simons Standard Dead? The Uneasy Case for a Comprehensive Income Tax," National Tax, June 2018

Lily Batchelder and David Kamin, "Taxing the Rich,"

Jeremy Bearer-Friend, "Should the IRS Know Your Race? The Challenge of Color-Blind Tax Data"

Geoffrey Brennan, "The Myth of Ownership," *Australian Journal of Legal Philosophy*, v 30 2005

Dorothy Brown, "Lessons from Barack and Michele Obama's Tax Returns," and "Homeownership in Black and White: The Role of Tax Policy in Increasing Housing Inequity"

Peter Diamond and Emmanuel Saez, "The Case for a Progressive Tax: From Basic Research to Policy Recommendations" *Journal of Economic Perspectives*, Fall 2011

Edward Fox, Zachary Liscow and Michael Love, " How to Tax Business? Economic Rents, Legibility, and the Corporate–Pass-Through Divide." 2026

James Hines, "High Tax Heresy," unpublished 2016

Zachary Liscow and Edward Fox, "The Psychology of Taxing Capital Income"

Gregory Mankiw, Matthew Weinzierl, and Danny Yagan, "Optimal Taxation in Theory and Practice," Journal *of Economic Perspectives*, Fall 2009

Eric Mack, excerpt "Murphy and Nagel on the Illusions and Confusions of Libertarianism," in Libertarianism pp 130-37 *Polity* 2018.

Ruth Mason, "Citizenship Taxation" Southern California Law Review, 2016

Ajay Mehrotra, ""The Missing US VAT" Northwestern Law Review 2022

Shuyi Oei, "The Offshore Tax Enforcement Dragnet," *Emory Law Journal* 2017

Steven Sheffrin, "Realization Make an Intellectual Comeback," *Tax Notes Federal*, December 2024

Martin Sullivan, "Time for a Substitute for the SALT Cap," *Tax Notes Federal*, December 2024

David Weisbach, "Should Legal Rules Be Used to Distribute Income?" *The University of Chicago Law Review* 2003

David Weisbach, "The (Non) Taxation of Risk," *Tax Law Review*, v.58 2004

David Weisbach and Joseph Bankman, "The Superiority of an Ideal Consumption Tax Over and Ideal Income Tax," *Stanford Law Review*, 2006.

James Wetzler, "A Guide to the SALT Cap Debate" *Tax Notes State*, August 2024

ADDITIONAL POLICIES AND INFORMATION

MENTAL HEALTH AND WELLNESS RESOURCES

The University of Houston has a number of resources to support students' mental health and overall wellness, including CoogsCARE and the UH Go App. UH Counseling and Psychological Services (CAPS) offers 24/7 mental health support for all students, addressing various concerns like stress, college adjustment and sadness. CAPS provides individual and couples counseling, group therapy, workshops and connections to other support services on and off-campus. For assistance visit uh.edu/caps, call 713-743-5454, or visit a Let's Talk location in-person or virtually. Let's Talk are daily, informal confidential consultations with CAPS therapists where no appointment or paperwork is needed.

Need Support Now? - If you or someone you know is struggling or in crisis, help is available. Call CAPS crisis support 24/7 at 713-743-5454, or the National Suicide and Crisis Lifeline: call or text 988, or chat 988lifeline.org.

TITLE IX/SEXUAL MISCONDUCT

Per the UHS Sexual Misconduct Policy, your instructor is a "responsible employee" for reporting purposes under Title IX regulations and state law and must report incidents of sexual misconduct (sexual harassment, non-consensual sexual contact, sexual assault, sexual exploitation, sexual intimidation, intimate partner violence, or stalking) about which they become aware to the Title IX office. Please know there are places on campus where you can make a report in confidence. You can find more information about resources on the Title IX website at https://uh.edu/equal-opportunity/title-ix-sexual-misconduct/resources/.

REASONABLE ACADEMIC ADJUSTMENTS/AUXILIARY AIDS

The University of Houston is committed to providing an academic environment and educational programs that are accessible for its students. Any student with a disability who is experiencing barriers to learning, assessment or participation is encouraged to contact the Justin Dart, Jr. Student Accessibility Center (Dart Center) to learn more about academic accommodations and support that may be available to them. Students seeking academic accommodations will need to register with the Dart Center as soon as possible to ensure timely implementation of approved accommodations.

Please contact the Dart Center by visiting the website: https://uh.edu/accessibility/

calling (713) 743-5400 or emailing jdcenter@Central.UH.EDU.

The Student Health Center offers a Psychiatry Clinic for enrolled UH students. Call 713-743-5149 during clinic hours, Monday through Friday 8 a.m. - 4:30 p.m. to schedule an appointment.

The A.D. Bruce Religion Center offers spiritual support and a variety of programs centered on well-being.

The Center for Student Advocacy and Community (CSAC) is where you can go if you need help but don't know where to start. CSAC is a "home away from home" and serves as a resource hub to help you get the resources needed to support academic and personal success. Through our Cougar Cupboard, all students can get up to 30 lbs. of FREE groceries a week. Additionally, we provide 1:1 appointments to get you connected to on- and off-campus resources related to essential needs, safety and advocacy, and more. The Cougar Closet is a registered student organization advised by our office and offers free clothes to students so that all Coogs can feel good in their fit. We also host a series of cultural and community-based events that fosters social connection and helps the cougar community come closer together. Visit the CSAC homepage or follow us on Instagram: @uh_CSAC and @uhcupbrd. YOU belong here.

RECORDING OF CLASS

Students may not record all or part of class, livestream all or part of class, or make/distribute screen captures, without advanced written consent of the instructor. If you have or think you may have a disability such that you need to record class-related activities, please contact the Justin Dart, Jr. Student Accessibility Center. If you have an accommodation to record class-related activities, those recordings may not be shared with any other student, whether in this course or not, or with any other person or on any other platform. The instructor may record classes. Students may use instructor's recordings for their own studying and notetaking. Instructor's recordings are not authorized to be shared with anyone without the prior written approval of the instructor. Failure to comply with requirements regarding recordings will result in a disciplinary referral to the Dean of Students Office and may result in disciplinary action.