Università della Svizzera italiana
Sam Bucovetsky/Kurt Schmidheiny

PhD Course in Urban Taxation

Content

We begin the course with a survey of urban areas and their governments in different countries. We emphasize the structure of different governments within individual urban areas, and the tax instruments over which these governments have authority. In the course, particularly urban aspects of taxation are examined. The central issues considered are the interaction among different governments, both "horizontal" and "vertical", the role of population distribution within an urban area in determining tax rates, the importance of mobility among municipalities, the importance of agglomeration economies and their interaction with taxation and the effects of intergovernmental transfer rules on tax setting.

Teachers

Sam Bucovetsky (PhD, Yale) is Professor of Economics at the York University in Toronto, Canada. He has research interests in public and urban economics, with a particular focus on fiscal competition.

Kurt Schmidheiny (PhD, Bern) is Tenure-Track Assistant Professor of Applied Econometrics at the University of Basel, Switzerland. He has research interests in applied econometrics, public and urban economics with a particular focus on the spatial sorting of households and firms.

Date and Time

August 13–15, 2014
9:00–12:00 and 13:30–16:30

Venue

USI Main Building, Room 250
Via G. Buffi 13, 6900 Lugano

Version: 6-8-2014, 14:52

Credits and Assessment

3 ECTS. There is no examination.

Outline

1. Institutional Background
2. Basic Models of Tax Competition
3. The Effects of Taxation on Residential Location
4. Urban Structure and Tax Rates
5. Agglomeration and Taxation
6. Central Cities and Suburbs

Resources

The main text and selected articles are provided on the course website:
`http://kurt.schmidheiny.name/teaching/unisi/urbantaxation/`

Reading List

Main Text

[1] Marius Brülhart, Sam Bucovetsky and Kurt Schmidheiny (2014), Taxes in Cities. Mimeo prepared for G. Duranton, J.V. Henderson and W. Strange (eds), *Handbook of Regional and Urban Economics*, Volume 5.

1. Institutional Background

[2] Blöchliger, Hansjörg and Josette Rabesona (2009) The Fiscal Autonomy of Sub-Central Governments: An Update. *OECD Working Papers on Fiscal Federalism* 9.

[3] Dijkstra, Lewis and Hugo Poelman (2012) Cities in Europe: The New OECD/EC Definition. *Regional Focus*, 1/2012, EU Commission.

[4] Rozenfeld, Hernan D., Diego Rybski, Xavier Gabaix and Hernan A. Makse (2011) The Area and Population of Cities: New Insights from a Different Perspective on Cities, *American Economic Review* 101: 2205–2225.

2. Basic Models of Tax Competition

[5] Keen, M. and C. Kotsogiannis (2002) Does Federalism Lead to Excessively High Taxes? *American Economic Review*, 92: 363-370.

[6] Keen, M. and M. Marchand (1997) Fiscal Competition and the Pattern of Public Spending. *Journal of Public Economics*, 66: 33 – 53.

[7] Wildasin, D. (1988). Nash Equilibrium in Models of Tax Competition. *Journal of Public Economics*, 35: 229–240.

[8] Wilson, J. (1999). Theories of Tax Competition. *National Tax Journal*, 52: 269–304.

3. The Effects of Taxation on Residential Location

[9] Bayer Patrick, Robert McMillan and Kim Rueben (2004) An Equilibrium Model of Sorting on an Urban Housing Market, *NBER Working Paper* 10865.

[10] Epple, Dennis and Glenn J. Platt (1998) Equilibrium and Local Redistribution in an Urban Economy when Households Differ in both Preferences and Income, *Journal of Urban Economics*, 43: 23–51.

[11] Epple, Dennis and Holger Sieg (1999) Estimating Equilibrium Models of Local Jurisdictions, *Journal of Political Economy*, 107 (4): 645–81.

[12] Calabrese, Stephen, Dennis Epple and Richard Romano (2012) Inefficiencies from Metropolitan Political and Fiscal Decentralization: Failures of Tiebout Competition, *Review of Economic Studies*, 79(3): 1081–1111.

[13] Schmidheiny, Kurt (2006) Income Segregation and Local Progressive Taxation: Empirical Evidence from Switzerland, *Journal of Public Economics*, 90(3), 429–458.

4. Urban Structure and Tax Rates

[14] Brülhart, M. and Jametti, M. (2006). Vertical versus Horizontal Tax Externalities: An Empirical Test. *Journal of Public Economics*, 90(10-11): 2027–2062.

[15] Bucovetsky, S. (2009). An Index of Tax Competition. *International Tax and Public Finance*, 16(6): 727–752.

[16] Egger, P., M. Köthenbürger and M. Smart (2010) Do Fiscal Transfers Alleviate Business Tax Competition? Evidence from Germany. *Journal of Public Economics*, 94(3-4): 235-246.

[17] Köthenbürger, Marko (2002) Tax Competition and Fiscal Equalization. *International Tax and Public Finance*, 9: 391-408.

5. Agglomeration and Taxation

[18] Baldwin, R. and P. Krugman (2004) Agglomeration, Integration and Tax Harmonisation. *European Economic Review*, 48(1): 1-23.

[19] Brülhart, M., M. Jametti and K. Schmidheiny (2012) Do Agglomeration Economies Reduce the Sensitivity of Firm Location to Tax Differentials? *Economic Journal*, 122(563): 1069-1093.

[20] Luthi, Eva and Kurt Schmidheiny (2014) The Effect of Agglomeration Size on Local Taxes. *Journal of Economic Geography*, 14(2): 265–287.

6. Central Cities and Suburbs

[21] Gaigne, C., Riou, S., and Thisse, J. (2013). How to Make the Metropolitan Area Work? Neither Big Government, nor Laissez-faire. *CORE* discussion paper 2013/65.

[22] Hansen, N. and Kessler, A. (2001). The Political Geography of Tax H(e)avens and Tax Hells. *American Economic Review*, 91: 1103–1115.

[23] Janeba, E. and S. Osterloh (2013) Tax and the City — A Theory of Local Tax Competition. *Journal of Public Economics*, 106: 89-100.

[24] Kächelein, H. (2014). Asymmetric tax competition and choice of tax rate: Commuting as an explanation for tax differentials. *International Tax and Public Finance*, 21(1): 50–65.