

Issue Four January 2005

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FROM THE NTA PRESIDENT-*President's Message*

Everyone seems to agree that the Annual Conference in Minneapolis was superb, and kudos go to **Laura Kalambokidis** for an outstanding performance as program chair, as well as to our **Minnesota members** who provided great local support. The panel of former Treasury Deputy Assistant Secretaries, discussing federal tax policy, spoke to a standing-room-only crowd, and the session on Minnesota issues was also a rousing success. Although I could not attend every session, based on the ones I attended and what I heard the conference was marked everywhere by excellent presentations and audience engagement. Such a successful conference was made possible by the members who organized sessions, prepared papers, and attended (forming that crucial aspect of any conference, the audience).

Mark your calendars for our next events, the **Spring Symposium, May 19-20**, and the **State-Local Tax Program, May 20**, in Washington, DC. Also look for the **call for papers** for the **Annual Conference** next fall (see notices below), to be held in **Miami, November 17-19**. You will receive the full call via e-mail; it is also posted on the web site (www.ntanet.org) and will be announced in the March issue of the *National Tax Journal*.

Another important event for NTA is the expected publication this spring of the second edition of the NTA-sponsored ***Encyclopedia of Taxation and Tax Policy*** by the Urban Institute Press. The new issue not only contains updates of the almost 200 original articles but also has more than 30 new entries. The new entries range from economic concepts (e.g., flypaper effect) to practical tax administration (such as state electronic filing), touching on new issues, such as dynamic revenue estimating, on specific taxes and provisions of the tax law, along with legal and accounting issues. The other editors join me in thanking the many members of the Association who contributed to this work and made it possible to complete the update in such a short time.

Included in this newsletter is a sneak preview of one of the new encyclopedia articles: cross-border shopping, by **Don Bruce** and **Bill Fox**. I hope you enjoy reading it and that it encourages you to

purchase the new encyclopedia when it becomes available.

I also want to remind you of our **call for volunteers** last summer and to ask you again to let us know if you are interested in serving. We have formed a committee on student membership led by **Matt Murray** and **Sally Wallace**, and are setting up a committee to prepare for NTA's 100th anniversary in 2007. If you are interested in serving on these committees, please let me or the Association know (jgravelle@crs.loc.gov or natltax@aol.com).

We are also interested in ideas about how to make this newsletter more useful to members, about improving technology for our operations, and on expanding membership.

Please submit any news items for the next newsletter by March 10.

Jane Gravelle

Areas of Opportunity for NTA

2004 Presidential Address

Thomas S. Neubig, Ernst & Young LLP

It has been a privilege serving the National Tax Association as President during the past year. NTA has been an important part of my professional career, going back to winning an Honorable Mention in the Dissertation Prize contest. The winner that year, 1980, is the incoming President, Jane Gravelle. NTA has contributed to my professional growth through continued learning opportunities, a forum to present and publish my research, and an excellent source of networking and expanding my professional relationships. Thus, I hope my 12 months as President have strengthened the organization so that others will also continue to benefit from the Association.

My remarks today will focus on four areas of future opportunity for the Association and its members. But before discussing them, I want to thank the excellent professional staff of the Association for all that they do behind the scenes. Fred Giertz, the NTA Executive Director, has taken steps to energize the Association with regular Executive Committee meetings and outreach to organizations such as the State Fiscal Analysis Initiative, the Casey Foundation, and the Federation of Tax Administrators. I appreciate all of the assistance provided by Joan Casey and Betty Smith, who have provided an important institutional memory of the organization, responded to all my data requests, and who are the day-to-day face of the organization. I also want to thank the three program chairs this year, who made my life so easy by doing such a great job: John McClelland of the U.S. Treasury for the Spring Symposium, Matt Murray of the University of Tennessee for the Spring State Tax Session, and Laura Kalambokidis of the University of Minnesota, who has done a fantastic job organizing this fall annual meeting.

I believe there are four opportunities that could enhance the Association's contributions to the public policy debate as well as its members' professional growth. The first opportunity is the interdisciplinary focus of the Association that is so critical to effective public policy analysis. The second opportunity is defining tax and our public policy mission broadly. The third opportunity is focusing on both the benefits and costs sides of the policy equation. So much of tax policy focuses only on the cost side and ignores the benefits side. And finally, the fourth opportunity is how the Association can help our members grow professionally not just in the technical sense of reading and writing for the *National Tax Journal* and attending the conferences but also from the informal learning through the networking and collegial give and take of building together on what we already know.

Interdisciplinary Focus

The National Tax Association is a diverse group of professionals intensely interested in tax policy and administration. The Association faces increased competition from the growth of many new associations and professional societies that have narrower interests and narrower professional backgrounds. It was inevitable with the growing importance of tax policy that this would happen, just as the change in technology has allowed 500 different narrow cable channels to appeal to niche markets. This increased competition could be viewed as a threat, but competition is good and it is actually an opportunity. Instead of narrowing our focus to compete, I believe it is essential that we celebrate a key strength of the Association: its diversity. Good tax policy cannot, and should not, be made only by economists or only by lawyers or only by accountants or business or academics or even politicians. As I've noted before in the NTA NETWORK, I've seen the damage that a solo economist can do in the tax policy area. The best tax policy that I've seen generally is a team effort from multiple disciplines with input from a wide variety of affected parties. Clearly, any fundamental tax reforms will need to have that broad range of insights. We need to play to our strengths, such as holding seminars on tax policy economics for non-economists, tax accounting implications for policy for non-accountants, and tax law implications for policy for non-lawyers. We need to encourage joint papers by people from different disciplines. We also need to be sure that we are communicating to the other disciplines. As David Wessel of the *Wall Street Journal* said at the luncheon, we need to be sure that we aren't just talking to ourselves. Although we need to celebrate the strengths of each of our professions, if we can't communicate beyond our own profession, our impact on public policy will be significantly limited.

NTA can facilitate a meaningful discussion of the issues between the business taxpayer associations and the tax justice groups. We can increase the dialogue between the academic community and businesses, government, and individual taxpayers on the tax policy and administrative issues they confront. This communication issue is critical to maintaining the diversity and effectiveness of our Association and needs to be a focus at each conference and in each issue of the *National Tax Journal*.

Define Tax Broadly

The National Tax Association members bring enormous skills to a wide range of public policy issues. Since the tax code touches every industry and seems to be used to incent or discourage many different activities, our members have the opportunity to add to the public policy debate on many issues beyond simply how to raise revenue.

The tools, mindset, methods of analysis, and perspectives developed in formal and on-the-job training in tax policy and tax administration by our members should be used more widely, not less. We shouldn't hesitate to fully analyze tax expenditures. Thus, we shouldn't hesitate to analyze direct expenditure programs in terms of their efficiency, effectiveness, distributional effects, administrability, compliance costs, and budgetary consequences. Our skills can apply to the costs and effects of government regulations and credit subsidy programs.

Although it is helpful to specialize in this increasingly complex world, there are significant advantages to learning from and applying our existing tax policy experience to new issues. We should not, as an association or as individual professionals, define ourselves narrowly. Our experiences in the tax area can help make better public policy by taking Stanley Surrey's insights on tax expenditures and recognize that we are already experienced in analyzing the equivalent of direct expenditure programs, regulations, and government credit programs, and we can do even more in these non-tax areas.

It's Not Just the Costs; It's Also the Benefits

Too often, the public policy debate focuses only on the costs of possible tax changes. The revenue cost dog too often wags the tax policy tail. This is unfortunate, especially when policymakers focus on principally revenue is aided and abetted by our profession's willingness to estimate only the cost of tax

policy changes, while not quantifying their benefits. Sure quantifying the benefits is difficult, but is that a reason not to try? Public policy should be made on the basis of sound benefit-cost analyses, not just one side of the equation.

Most analysts know that an analysis of only the tax side of Social Security is incomplete without also including the accompanying benefits. Similarly, we need to look at the benefit side of many additional tax issues. We need to quantify the benefits of voluntary compliance, the benefits of simplification, and the benefits of perceived fairness. Maybe these benefit estimates get into political science or sociology. If they do, let's get some political scientists and sociologists to come to our conferences so we can tackle these new issues together.

We can't let the costs be defined narrowly in terms of just revenue to the government. There is a cost to society of running large deficits, imposing high compliance costs, and distorting economic decisions. Deficits, compliance costs, and economic distortions do matter. They do have costs, and we need to quantify them and effectively communicate them. When the state of Virginia allowed local option sales tax referenda for transportation needs, we can't let the policy debate simply be on the costs of the additional tax without also including the benefits from reduced congestion, or at least recognize the current "tax" imposed on commuters from spending extra time in congestion.

Foster Members' Professional Growth

The final opportunity is how the Association can foster the professional growth of its members. By this I mean more than just providing opportunities to come to conferences to present or discuss papers and to read and write articles for the *National Tax Journal*. The Association can play a critical role in the networking, mentoring, and important collegial give and take of being a tax professional. Probably the most important professional learning occurs not from the articles or conference presentations, but from the discussions in the conference hallways, the exchange of ideas over dinner or a few beers, or the quick e-mail between distant colleagues who are friends. The Association can facilitate that professional growth as well.

This year, we started a quarterly publication, the NTA NETWORK, to celebrate new members, new promotions, new research activities, and new opportunities. Network effects are powerful not only for Internet use, but also for professional growth. During the coming year, a new NTA committee will focus on student memberships so we can increase our mentoring of young tax professionals early in their careers and provide them with volunteer and networking opportunities.

In short, NTA members can do serious public policy analysis while also having fun with friends and colleagues.

Conclusion

To close, I see enormous opportunities and potential for the National Tax Association. Our mission is growing, not contracting. Our interdisciplinary membership is a strength, not a weakness. Our potential reach goes beyond just tax to encompass many important public policy issues. Our aim should be a full policy analysis of the issues, not just a budgetary scoring. And our goal should be to have the Association facilitate our working together to improve tax policy and administration.

I've appreciated the opportunity to serve as President of the National Tax Association. And now I pass on the opportunities and responsibilities to my able colleague, Jane Gravelle.

On the NTA Agenda

ANNUAL SPRING SYMPOSIUM

May 19-20, 2005

Holiday Inn Capitol Washington DC

James Mackie, Program Chair

Make hotel reservations directly at 202-479-4000.

NTA has blocked a limited number of rooms at \$159 (+14.5% tax). The **cutoff date is April 26**. The registration fee is \$170 (\$195 if also attending the Friday afternoon State-Local Tax Program). You will receive the program and forms by e-mail and regular mail, and they will be at www.ntanet.org. **Contact James Mackie, Office of Tax Analysis, U.S. Treasury Department, at james.mackie@do.treas.gov.**

STATE-LOCAL TAX PROGRAM

May 20, 2005, Noon-5:00 PM

Gary Cornia, Program Chair

NTA will again sponsor a special program on state and local tax issues following the annual Spring Symposium. This year's program will focus on the political economy of intergovernmental tax administration and compliance. The program will have papers on the Multistate Tax Commission, International Fuel Tax, and the Streamlined Sales Tax proposal.

The program will begin with a luncheon address by **Charles E. McLure, Jr.**, of Stanford University. Three papers are slated for presentation. The MTC paper will be presented by **Bart Hildreth, Matt Murray, and Dave Sjoquist**. The Streamlined Sales Tax paper will be presented by **Walter Hellerstein and John Swain**. The paper on the International Fuel Tax Agreement will be presented by **Dwight Dennison and Rex Facer**.

The same format as in previous years will be followed, including roundtable discussions of the papers by leading experts in the field of taxation from the administrative side, the compliance or business side, and the academic side.

The registration fee is \$50 for just the State-Local Tax Program (\$195 if also attending the Spring Symposium). The program and forms will be available with the Symposium program.

**98TH ANNUAL CONFERENCE ON TAXATION
CALL FOR PAPERS DEADLINE MAY 1, 2005**

November 17-19, 2005

Hyatt Regency, Miami, Florida

John Diamond, Program Chair

The 98th Annual Conference on Taxation will cover a broad range of topics, including but not limited to taxation and tax policies; expenditure policies, government budgeting; intergovernmental fiscal relations; and subnational, national, and international public finance. **You are invited to submit a proposal for a contributed paper or for a complete session.** Please also let us know if you would like to be considered as a **moderator or discussant** for a conference session. Decisions concerning the inclusion of papers and sessions will be announced in June. **For details, see Call for Papers**

at www.ntanet.org. Contact John Diamond, Baker Institute for Public Policy, Rice University, at jdiamond@rice.edu.

Outstanding Doctoral Dissertations 36th Annual Competition

DEADLINE JUNE 1, 2005

NTA awards an annual prize for the doctoral dissertation that makes the most significant contribution to the field of government finance and taxation. Papers based on the dissertations will be presented at the **98th Annual Conference on Taxation in Miami in November 2005**.

Dissertations may be on any topic in government finance, including taxation, debt and fiscal policy, public choice, expenditures, budgeting, administrative and management science applications, program analysis, and policy evaluation.

All graduate students at accredited U.S. and Canadian institutions who will receive the doctoral degree or its equivalent **after July 1, 2004**, are eligible. **The deadline for submission is June 1, 2005.**

Application and nomination forms may be downloaded from www.natnet.org. For further information, contact the National Tax Association at 202-737-3325 or natltax@aol.com.

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Howard Chernick, On the Determinants of Sub-National Tax Progressivity in the U.S.
Jorge Martinez-Vazquez and *Mark Rider*, Multiple Modes of Tax Evasion: Theory and Evidence
Elizabeth T. Powers and *David Neumark*, The Supplemental Security Income Program and Incentives to Claim Social Security Retirement Early
Alan L. Gustman and *Thomas L. Steinmeier*, Retirement Effects of Proposals by the President's Commission to Strengthen Social Security
Howell H. Zee, A New Approach to Taxing Financial Intermediation Services Under a Value-Added Tax

Welcome New Members Fall 2004

Won Ick Choi, Dankook University, South Korea
Mark Cottrell, Washington DC
Manuel del Valle, New Mexico Tax Research Institute
Dennis Epple, GSIA, Carnegie Mellon University
Fernando V. Ferreira, The Wharton School
Sarah Hamersma, University of Florida
Kathryn Hazelett, AR Advocates for Children & Families
Nicole Hattie, Dexter MI
Elizabeth Hudgins, Children's Action Alliance, Phoenix AZ
Ponlapat Kaewsumrit, University of Houston
Peter Katuscak, University of California San Diego
Anil Kumar, Maxwell School, Syracuse University
Andrew K. Leigh, Australian National University
Emily Y. Lin, OTA, U.S. Department of the Treasury
Brigitte Madrian, The Wharton School
Thornton Matheson, OTA, U.S. Treasury Department
Frank Mauro, Fiscal Policy Institute, Albany NY

Members on the Move

Jon Bajika, Williams College
Karie Barbour, Illinois State University
Deborah Carroll, University of Tennessee, Knoxville
Waheeda Bahman Choudhury, Board of Revenue, Bangladesh
John Diamond, Baker Institute, Rice University
Kelly Edmiston, Federal Reserve Bank of Kansas City
Alexander Gelardi, University of St. Thomas, Minneapolis
William Gentry, Williams College
Masatoshi Katagiri, London School of Economics
Andrew Lyon, PricewaterhouseCoopers
Janet McCubbin, Statistics of Income Division, IRS

Bruce Meyer, Harris School, University of Chicago *Paul McDaniel*, College of Law, University of Florida

Benno Torgler, Yale Center for International & Area Studies

William Voorhees, Arizona State University

Randall Weiss, New York City Economic Development Corp.

Roberton Williams, III, University of Texas, Austin

Robert Yetman, Graduate School of Management, University of California Davis

Please send information about your recent promotions, organization changes, etc., to natltax@aol.com

Paper Honored

A Certificate of Excellence was awarded by TIAA-CREF to **Amy Finkelstein** and **James Poterba** for their paper “Adverse Selection in Insurance Markets: Policyholder Evidence from the U.K. Annuity Market,” published in the February 2004 issue of the *Journal of Political Economy*.

POSITIONS AVAILABLE

Office of the Revenue Analysis

District of Columbia Office of the Chief Financial Officer

Contact: Farhad Niami, Director of Economic Affairs (202) 727-3897, or farhad.niami@dc.gov.

Fiscal Analyst (multiple vacancies) - A fiscal analyst may analyze and forecast the economic base, forecast tax and non-tax revenues, project the impact of policy changes on the budget of the District of Columbia, monitor and analyze the time series of cash receipts, and conduct special research projects. **Salary potential** is \$44,129 to \$112,434, depending on training and experience.

How to Apply: At <http://cfo.washingtondc.gov/cfo/cwp> click on “finance positions” for information and instructions.

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NATIONAL TAX JOURNAL

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