

PA395-Green Taxes and Public Finance in Vermont

Fall 2004

Class Time: Tuesday 5:30-8:30PM

Class location: Gund Institute conference room; 590 Main St. (Johnson House), Yellow house at top of hill.

This syllabus and related materials may be found online at:

<http://www.uvm.edu/~gflomenh/GRN-TAX-VT-PA395/>

Instructor:

Gary Flomenhoft, Adjunct Faculty CDAE & MPA, Research Associate, Gund Institute

Guest lecturers:

Deb Brighton, Legislative Analyst, VT State Legislature

Janet Milne, Director, Environmental Tax Institute, VT Law School

Course Description:

Green taxes are a growing trend in public finance where taxes are used not only for raising revenue, but also to provide incentives to correct environmental externalities. For example, many people say that carbon taxes are inevitable to deal with global climate change. Currently 10% of Vermont taxes could be considered green taxes. The Vermont Fair Tax Coalition has previously published a report on Green Taxes entitled Tax Reform that Agrees with Vermont. The coalition has received a grant from the Merck Family fund to update this publication by December 2004. This document provides a description of how various green taxes could be used to finance state government and at the same time accomplish various environmental goals. The current grant is directed at the primary objectives of (1) renewable energy and energy efficiency; (2) clean water; and (3) sustainable land use. This course offers a service learning component by working with the members of the Fair Tax Coalition including VT Business for Social Responsibility (VBSR), VT Natural Resource Council (VNRC), and VT Public Interest Research Group (VPIRG).

What's lacking in this document is the quantitative research of green tax alternatives to back up the policy recommendations. We propose to have students in this course research the status of current state revenues, and quantify what green taxes could be used to replace current taxes on productive activities. Providing this missing data would greatly strengthen the Fair Tax document, which could result in more influence on the legislative process and better matching of state tax incentives with environmental and economic objectives. The areas of research on taxes would include: Energy-Related Taxes and

Fees, Air and Water Pollution Taxes and Fees, Waste Taxes Fees and Incentives, and Land-Related Taxes, Fees, and Incentives.

The collaboration of the Vermont Law School Environmental Tax Policy Institute would be another beneficial aspect of this course. Janet Milne, director of the environmental Tax Institute at the VT Law School has agreed to be a guest lecturer. The Vermont Law School is also a co-sponsor of the Fifth Annual Global Conference on Environmental Taxation, taking place on September 9-11, 2004 in Pavia, Italy. Some students could conceivably attend this conference as part of the course.

Course Schedule:

Part One-Literature review of green taxation worldwide

Part Two-Summary of existing Vermont State tax revenue including existing green taxes

Part Three-Summary and quantification of potential green taxes in Vermont

Part Four-Synthesis of research into green tax shift proposal for Vermont

The Vermont Fair Tax Coalition has identified 15 different eco-taxes already existing in Vermont. Students can each be assigned to research a different tax area as well as other potential green taxes. This research would then be synthesized into a coherent proposal for a Green Tax shift for Vermont.

Required Textbook:

Durning, Bauman. Tax Shift. Northwest Environmental Watch. April 1998.

Available at university bookstore

Partial Reading List:

Brännlund, R., Gren, Ing-Marie (eds) Green Taxes; Economic Theory and Empirical Evidence from Scandinavia. Edward Elgar Publishing, Cheltenham, UK. 1999.

European Environment Agency. Environmental Taxes, Recent Developments in Tools for Integration. Copenhagen. 2000

Hausauer, Brenda. Tax Reform that Agrees with Vermont. Vermont Fair Tax Coalition, March 1999.

Milne, Janet. "Environmental Taxation: Why Theory Matters", in Janet Milne et al., editors, Critical Issues In Environmental Taxation: International And Comparative Perspectives, Vol. 1 (Richmond Tax & Law 2003), pp. 1-26.

OECD. Environmentally related taxes in OECD countries: Issues and Strategies. Oct. 2001

OECD. Environmental Taxes and Green Tax Reform. Jun-1997

Ramos, Brighton. Taxing Pollution. Vermont Fair Tax Coalition. Winter 2000.

On reserve at library:

Bollier, David, Silent Theft

Janet Milne et al., editors, Critical Issues In Environmental Taxation: International And Comparative Perspectives, Vol. 1 (Richmond Tax & Law 2003), pp. 1-26.

Barnes, Peter. Who Owns the Sky

Janet Milne, something like Summary of New England Green Taxes.

Grading:

3 short papers and publishable term paper written by the class, including:

Paper One: Summary of literature review and/or report on empirical study of green taxes in practice elsewhere.

Paper Two: Summary of existing Vermont state revenue and incentive effects.

Paper Three: Quantification of green tax potential for each green tax area

Term Paper: Synthesis of information into a green tax shift proposal for Vermont.