

Research Paper Prompt Fall 2021

In at least four (4) full, type-written pages, please answer the following:

(Resources are additional. Though you are free to use whichever format you are most comfortable with, you have to use in-text parenthetical citations and be consistent throughout.)

The state of Texas has a reputation for being a “low service, low tax” state. In fact, Texas prides itself on levying no state income tax on individuals or businesses. While Texas certainly provides a favorable environment for business, its tax system is often criticized for being too regressive. Evaluate the pros and cons of having no state income tax. Should the Lone Star State start taxing incomes or continue business as usual?

While answering this question you should discuss the following:

- 1) What are the different ways in which states fund their governments?
- 2) What are the major sources of state revenue in Texas? What are the key advantages and disadvantages associated with adopting this type of policy?
- 3) What are regressive taxes? And, are regressive taxes a fair way for the state to generate revenue? How does this contrast with a progressive taxation structure?
- 4) Who are the winners and losers of the way in which Texas generates revenue?
- 5) Based on what you now know about how different states generate revenue, what do you think would be the most “fair” way for the state of Texas to operate?

You are expected to take a side on what the most “fair” way for states to generate revenue is, but only after analyzing and acknowledging others’ perspectives and research on the topic. Your position, and the conclusion you reach, should be a logical consequence of the information you have gathered on the topic. In fact, your responses must include the use of scholarly (peer-reviewed) literature, though you may supplement this with information from the textbook.

I suggest you start your research as soon as possible and ensure that you have access to the LSC library databases.

Please note that you are NOT allowed to turn in work that you have already turn in to another class, even in part, and doing so will get you a zero on the assignment.

Please remember that this is a research paper, NOT an opinion piece. Phrases such as "I believe", "I think" and similar phrases have no place here. "Research suggests", "these statistics indicate" etc. is how you want to approach this.

When thinking about this question you should assume that states that feature no income taxes must resort to more regressive taxes to generate revenue. Hence, having a state income tax implies fewer or less regressive taxes. That is, you can assume that if Texas introduced a state income tax, that would decrease the regressive taxes it levies on its residents. Please note that Texas has never had a personal income tax. In fact, in 2019 the Texas Constitution was amended to ban any future income tax, though this could be overturned if a 2/3 majority of the legislature was to vote to repeal the ban.