Chapter 13: Fiscal Policy

1.   Review each of the terms which are defined on the side notes on each page of the chapter.
2.   What are the stages of the policy making process? (p. 412-413)
3.   Into what three types do political scientists categorize policies enacted by government? (p. 412)\
4.   What is fiscal policy? What are the key elements of fiscal policy? (p. 413)
5.   Read the section on state taxes. Then review Table 13.1 on page 420 and answer the following:
    a)   What are the five taxes that produce the largest percentage of revenue for Texas?
    b)   What percentage of total tax revenue do those five taxes provide for Texas?
6.   Read the section on winners and losers and answer the following questions:
    a)   Does Texas have a progressive or regressive tax structure?
    b)   Why are legislators reluctant to change the present tax structure?
7.   What are the most important sources of non-tax revenue for Texas?
8.   What is the "pay as you go" system? (p. 427)
9.   What is the role of the State Comptroller of Public Accounts in the budget process? (p. 42k7)
10.   What are the four most expensive functions of state government in Texas?
11.   What is the state's "rainy day" fund? What is the source of funds for this fund?
12.   What are revenue bonds? (p. 429)
13.   What is the Legislative Budget Board, who are its members, and what does it do? (pp. 432-434)
14.   What is the role of the Comptroller after the Legislature passes the budget?
15.   What is the Governor's budget review and veto power? (p. 432)
16.   What are the budget execution powers exercised by the LBB or Governor between legislative sessions? (p. 434)
17.   Read the section on fiscal policy tools. Define tax expenditures and subsidies. (p. 434-435) What is the downside to the state's efforts to recruit new businesses to move to Texas by providing incentives?