**For Discussion**

1. Are some states at a comparative advantage such that they are able to employ more lucrative taxing systems than other states? What effect, if any, does a widening tax gap among states have on states and on the nation as a whole? Taking this a step further, should the federal government intervene on behalf of less fortunate states to level the tax playing field?

2. The federal government and Vermont do not have balanced budget requirements. Should the other states join them? What might be the consequences of such an action? What would happen to localities if states did not have to balance their budgets? Should the federal government be required to balance its budget?

3. Think about your own state. What are the major sources of revenue? What are the major expenditures? Is there anything that makes your state unique in regard to the budgetary process? Are there any unique expenditures and/or sources of revenue?

4. Who should be held accountable for unfunded mandates? How do they affect the ability of state and local governments to administer basic public services? The Unfunded Mandates Reform Act (UMRA) of 1995 attempted to limit the use of unfunded federal mandates, but only mandates exceeding $50 million are subject to congressional intervention. Why do these mandates go largely unchecked?

5. Should Internet sales be subject to sales tax? Should states be granted the right to levy taxes on these sales, and, if so, how do you distinguish which states should be granted such rights? For example, should the state in which the consumer resides be able to impose a sales tax on the item, or should the state that is home to the company providing the product be able to impose a sales tax on the item?

6. Should the federal government intervene to equalize property taxes so as to reduce the gap between affluent and less affluent school districts? Would federal intervention improve the quality of education in less affluent districts or only serve to intrude on the lives of individuals within these districts who may have moved to the area for reasons unrelated to education?