



Chaire en fiscalité et en finances publiques

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FRASER INSTITUTE

S. Lafleur, B. Eisen, M. Palacios *et al.*,
« [Alberta's Budget Deficit: Why Spending Is to Blame, 2017](#) », 26 janvier 2017, 12 p.

Les problèmes fiscaux de l'Alberta sont causés notamment par la hausse rapide des dépenses de programme

Alberta currently faces significant fiscal challenges. The province is projected to run a budget deficit of \$10.8 billion this year and accumulate tens of billions of dollars in debt in the years ahead.

However, the causes of these fiscal challenges are misunderstood. The government, for instance, frequently asserts that the recent drop in oil prices is responsible for Alberta's fiscal problems. This is, at very best, an oversimplification.

While there is no doubt that the recent plunge in commodity prices beginning in late 2014 has been harmful to Alberta's public finances, the provincial government's reliance on deficit spending to fund its operations predates the onset of the commodity price slump. In fact, Alberta has run a budget deficit every year except for one since

2008/09, with the result being a significant deterioration in the province's financial position that began long before the current oil price slump.

The reality is that the primary cause of the fiscal challenges Alberta faces today is rapid program spending growth by successive governments starting more than a decade ago. Indeed, successive Alberta governments spent like the good times would never end. But when they inevitably did end, spending remained at a level that revenues could not support.

INSTITUT C.D. HOWE

W. Robson, « [Enduring Virtues: Saving and Investing as National Priorities for Canada in 2017](#) », 31 janvier 2017, 20 p.

Comment utiliser la fiscalité comme outil pour améliorer le taux d'épargne des contribuables canadiens

Sagging national saving, undermined by government deficits, threaten Canada's future economic prosperity, according to a new report from the C.D. Howe Institute. In "Enduring Virtues: Saving and Investing as National Priorities in 2017," author William B.P. Robson, President and CEO of the C.D. Howe Institute, underlines the importance of saving and investment in economic growth, and warns that Canada is falling short. "We Canadians are consuming like there's no tomorrow," says Robson. "Our national saving rate

has plummeted and government deficits are making it worse. We need more saving and investment to boost national wealth and future incomes,” he adds.

The report explains how forgoing consumption today provides resources for the housing, capital, infrastructure and investments abroad that boost living standards tomorrow. But over the year to the third quarter of 2016, Canadians consumed 98 percent of national disposable income. At 2 percent, our national saving rate was way below the average above 7 percent recorded since the mid-1990s.

The problem is not so much our individual behaviour: households saved almost \$1,700 per person. But losses by businesses – and, more important, governments running deficits – reduced national saving to barely \$900 per Canadian. “Such weak saving meant that, to finance net investment that totaled \$3,200 per Canadian, we had to borrow more than \$2,300 per Canadian abroad,” notes Robson. Not necessarily bad – but about \$2,800 of that investment was in housing. “Capital spending by businesses and governments – projects likelier to improve our capacity to export and service foreign debt – barely exceeded depreciation.”



ÉTATS-UNIS

CENTER ON BUDGET AND POLICY PRIORITIES (CBPP)

H. Katch et J. Solomon, « [Are Medicaid Incentives an Effective Way to Improve Health Outcomes?](#) », 24 janvier 2017, 8 p.

Imposer une taxe pour avoir accès aux salles d'attente dans les hôpitaux pourrait avoir un effet négatif sur la santé des patients

State Medicaid programs are testing a number of approaches to improve beneficiaries' health outcomes by encouraging them to engage in healthy behaviors and to use the health care system more efficiently. While states may be tempted to offer incentives or penalties to increase primary care and reduce emergency room visits, the evidence shows that these programs are unlikely to achieve

their goals. Improving access to care through co-ordination and transportation are more likely to improve Medicaid beneficiaries' health and offer states a return on their investment. Some states impose penalties, such as levying cost-sharing charges or limiting access to certain benefits such as adult dental and vision services, for beneficiaries who don't pay premiums or complete certain activities such as health assessments or preventive care visits. Two programs operating in this manner — programs in West Virginia and Indiana — have produced disappointing results. These programs have led to increases in emergency department (ED) visits among people whose access to primary care was limited under these programs.

CENTER ON BUDGET AND POLICY PRIORITIES (CBPP)

R. Kogan, « [Constitutional Balanced Budget Amendment Poses Serious Risks](#) », 18 janvier 2017, 10 p.

Amender la constitution pour forcer un budget équilibré pourrait avoir des conséquences désastreuses sur l'économie

A balanced budget amendment to the U.S. Constitution would be a highly ill-advised way to address the nation's long-term fiscal problems. It would threaten significant economic harm while raising a host of problems for the operation of Social Security and other vital federal programs.

The economic problems are the most serious. By requiring a balanced budget every year, no matter the state of the economy, such an amendment would raise serious risks of tipping weak economies into recession and making recessions longer and deeper, causing very large job losses. That's because the amendment would force policymakers to cut spending, raise taxes, or both just when the economy is weak or already in recession — the exact opposite of what good economic policy would advise.

When the economy slows, federal revenues decline or grow more slowly and spending on unemployment insurance and other social programs increases, causing deficits to rise. Rather than allowing the “automatic stabilizers” of lower tax col-

lections and higher unemployment and other benefits to cushion a weak economy, the amendment would force policymakers to cut spending, raise taxes, or both. That would launch a vicious spiral of bad economic and fiscal policy: a weaker economy would lead to higher deficits, which would force policymakers to cut spending or raise taxes more, which would weaken the economy further.

INSTITUTE ON TAXATION AND ECONOMIC POLICY (ITEP)

ITEP, « *Fairness Matters: A Chart Book on Who Pays State and Local Taxes* », Janvier 2017, 25 p.

Les États américains qui ont un faible impôt sur le revenu et qui imposent fortement la consommation ont des systèmes fiscaux parmi les plus inéquitables

There is significant room for improvement in state and local tax codes. Income tax laws are filled with top-heavy exemptions and deductions. Sales tax bases are too narrow and need updating. And overall tax collections are often inadequate in the short-run and unsustainable in the long-run. In this light, the growing interest in tax reform among state lawmakers across the country is welcome news.

Too often, however, would-be tax reformers have proposed policy changes that would worsen one of the most undesirable features of state and local tax systems: their lopsided impact on taxpayers at varying income levels. Nationwide, the bottom 20 percent of earners pay 10.9 percent of their income in state and local taxes each year. Middle-income families pay a slightly lower 9.4 percent average rate. But the top 1 percent of earners pay just 5.4 percent of their income in such taxes. This is the definition of regressive, upside-down tax policy.

State and local tax systems add to the nation's growing income inequality problem when they capture a greater share of income from low- or moderate-income taxpayers. Further, state tax systems that ask the most of families with the least are not well-suited to generate the revenues needed to fund schools, health care, infrastructure, and other public services that are crucial to building thriving communities. This problem is particularly acute in the long run since regressive

tax systems depend more heavily on low-income families that face stagnating incomes while taxing the superrich, whose wealth and incomes continue to grow, at lower rates.

As the information in this chart book helps illustrate, it does not have to be this way. States vary considerably in the fairness of their tax codes, and pursuing policies adopted by states with the least regressive tax systems is a proven strategy for reducing tax inequity.

JOINT COMMITTEE ON TAXATION

JCT, « *Estimating Changes in the Federal Individual Income Tax: Exploring the Elasticity of Taxable Income* », 30 janvier 2017, 50 p.

Les contribuables ne sont pas regroupés aux abords des tranches d'imposition, mais ils peuvent l'être aux seuils de certains crédits d'impôt

In response to changes in marginal income tax rates, behavioral changes such as new tax planning to reduce income subject to higher tax rates, tax avoidance transactions, and tax evasion are included in the estimates. For example, an increase in the ordinary income tax rate may result in an increased use of deferred compensation or an attempt to convert ordinary income into capital gain income. That is, taxpayers alter the timing and composition of the taxable income they report in response to changes in marginal tax rates. Economists refer to this behavioral response as the elasticity of taxable income. As part of the process of estimating the budgetary effects of proposed changes in the nation's tax law, the Joint Committee staff applies a series of taxable income elasticities that vary by income groups. This approach is based on empirical research suggesting that taxable income elasticities are lower for lower-income taxpayers than for higher-income taxpayers. Consequently, the series of taxable income elasticities employed by the Joint Committee staff rises with income.



INTERNATIONAL

INSTITUTE FOR FISCAL STUDIES (IFS)

S. Adam, H. Miller et T. Pope, « [Tax, legal form and the gig economy](#) », 2 février 2017, 36 p.

L'avantage fiscal d'un travailleur indépendant équivaut à une subvention de 1 240 livres sterling par année

This a pre-released chapter from the forthcoming IFS Green Budget 2017.

Company owner-managers can pay themselves in (more lightly taxed) dividends, and possibly capital gains, rather than just wages. Along with the self-employed, they also have more opportunities to avoid or evade taxes.

The tax system has long encouraged people to work for their own business rather than be an employee. Lower tax rates are not justified by differences in employment rights or compliance burdens and are not well targeted at encouraging entrepreneurship.

Similar individuals can face very different tax burdens. This is unfair and creates economic inefficiency. Some people set up a business when, absent tax, they would be an employee. Much time and effort goes into policing the boundaries between legal forms.

Saving and investment should be deductible from the tax base. Each extra pound of income earned should then be taxed at the same overall rates for employees, the self-employed and company owner-managers. This would simultaneously deal with many problems that plague the tax system.

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