

Editor's Note: In this issue, we spotlight a school-based public service project and introduce one of the Section's 2008 Public Service Fellows.

The Tax Literacy Project

By Marjorie E. Kornhauser*

The Tax Literacy Project, based at the Sandra Day O'Connor College of Law at Arizona State University (ASU) and headed by Professor Marjorie E. Kornhauser, is a non-partisan effort to informally educate the public about taxes through popular methods such as web-based games, other internet activities, and social networking. Although the Project is currently supported by the University, volunteer efforts, and individual donations, it will require increased individual and foundation support to continue producing innovative materials. For more information about the Project or to make suggestions, contact Marjorie E. Kornhauser, Marjorie.kornhauser@asu.edu or 480.965.0396.

Significance of the Problem/Need for the Project

Studies consistently find, in the words of a 2009 H&R Block survey, that most Americans "fail tax 101." People are ignorant about general concepts (e.g., the difference between a deduction and a credit), about their own tax situation (what tax bracket they are in), and about the law. Many do not even understand why taxes exist.

Tax ignorance harms individuals and the nation as a whole. It can cause taxpayers to pay too much tax by preventing them from taking advantage of tax benefits to which they are entitled. Lack of understanding frequently causes frustration, even hostility. In the short term, this may decrease compliance by some individuals, requiring others to make up the tax gap by paying more taxes. If the gap is not filled by others paying the tax non-compliant taxpayers fail to pay, then the government may lack funds it needs to provide government goods and services that individuals desire. In the long run, tax ignorance can inhibit the enactment of sound tax policies that raise revenues in the fairest, most efficient manner possible.

Few opportunities exist for the average person to learn about taxation in a short, informal setting. For example, many individuals have never received an explanation such as this:

Taxes exist because people (other than anarchists) want a government, even if it is just a minimal one providing only for national defense. A government needs taxes because, in the long run, taxation is the most efficient way of funding the goods and services people want government to provide. Simply asking people to contribute is not a reliable funding source, as evidenced by the failure of the Articles of Confederation. Borrowing, another source of funding, is costly because it must be repaid with interest. Although governments could self-fund by owning the means of production, the fall of communism shows that self-funding is not very efficient either—let alone democratic.

This Project helps fill the knowledge gap.

Description of the Project

The goal of the Tax Literacy Project is to increase the young adult's knowledge and understanding regarding taxation by means of popular media. It does not

advocate any particular tax structure or rate. It simply provides basic information so individuals can make their own informed decisions about taxation.

The Project focuses on the federal income tax, but much of the content will be applicable to other federal, state, and local taxes. The Project targets individuals between the ages of 16 and 30 who are about to enter—or have just entered—the workforce. However, much of the content and method is also appropriate for some younger and older people.

The Project focuses on informal rather than formal education. Although ultimately tax literacy needs to be taught in schools, the project concentrates on transmitting knowledge through popular culture and modern technology. The Project has three distinct, but overlapping, areas of concentration: (1) why we have taxation (the purpose of taxes; the connection between taxing and spending); (2) fairness of taxation (how to distribute the burden of taxation, including choice of tax base and rate structure); and (3) basic concepts of taxation (e.g., marginal rates versus effective rates; credits versus deductions). The Project's stages are described below.

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Stage I: May-December 2009

Part I. Game Design Course, ASU School of Computing, Informatics and Decision Systems Engineering, Fall 2009. Ashish Amresh, who leads ASU's Computer Gaming curriculum initiatives, is offering a course in game design in which computing students develop short games to increase tax knowledge. Professor Kornhauser, with the help of recent law school graduates, provided the tax content for the games. They developed the basic plot outline for the games in conjunction with engineering research assistants and Professor Amresh. The game design students are now designing the games. The games will be completed by November 2009 and the involved personnel will then evaluate the end results. Some or all of the completed games will then be accessible on ASU's game site and also will be available on the Project's web page once it is operative.

A unique aspect of this stage, and one the Project would like to continue, is that individuals of the target age are involved in the development of the activities. This has several benefits. First, of course,

individuals in the target group are actually being reached. Second, it increases the likelihood that the activities will be age appropriate. Third, dissemination of the activities may be increased because the designers will have a personal interest in sending them to friends.

Part II. Expert Focus Group, November 13-14, 2009. The Sandra Day O'Connor College of Law will host a 1½ day workshop for a small (10-20) group of experts with substantive and technical skills in a variety of fields (such as taxation, media, education, and game design). Building on input provided by Professor Kornhauser, the game design class, and their own expertise, the group will further develop both substantive content and methods of delivering the content. By the end of the workshop, participants will have produced the rough schematic for at least one other project to test (and use to apply for funding).

Part III. Design of Web Page. The web page will serve as a clearing house for tax literacy. It will provide links to activities designed by Project participants as well as to activities and information devised by others.

Stage II: January 2010-January 2012

Part I. Audience Focus Groups. This Part involves refining the content developed in Stage I and implementing it in the short-run through interactive activities on the internet and design of a web site to link activities. These may include games, contests, videos, social networking, etc. Completed projects will be disseminated through a variety of tax-based and general platforms as well as social networking sites such as Facebook. They will also be accessible through the Tax Literacy Project's webpage once it is operational.

Part II. Game Development. This Part is more long-term and involves the development of a complex, role playing game about taxation. Typically the design and implementation of this type of game can take up to two years.

Stage III: February 2012 and Beyond.

The Tax Literacy Project will continue to develop new content and delivery mechanisms in order to provide the public with information about taxation. ■

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