

Public Finance Writing Assignment 2 – due Wednesday October 19 class time.

The median voter theorem states that the policy outcome enjoying majority support (wins) is the one closest to the preferences of the median voter. Recent NC tax policy has emphasized cuts in income tax rates for those earning more than \$200,000 per year and a cut in the earned income tax credit that benefits those families earning less than \$40,000 per year. Does this policy emphasis imply that the median household in NC has an income over \$200,000? If not, what explanation can you give for the apparent widespread support for these tax policies?

The material needed for this assignment is in Chapter 6 in the text. Be complete in your answer. Expected length (12 point font and 1.5 line spacing) is 2 pages.