2013 State Government Tax Collections Methodology

The U.S. Census Bureau sponsors and conducts this census of state governments as authorized by Title 13, United States Code, Section 161.

The 2013 Annual Survey of State Government Tax Collections (STC) provides a summary of taxes collected by state for up to 25 tax categories. These tables and data files present the details on tax collections by type of tax imposed and collected by state governments.

Population of Interest

The data cover the 50 state governments only. No local government data are included and should not be interpreted as state-area data (state government plus local government tax collections combined).

The state government tax data presented by the U.S. Census Bureau may differ from data published by state governments because the Census Bureau may be using a different definition of which organizations are covered under the term, "state government".

For the purpose of State Government Tax Collections statistics, the term "state government" refers not only to the executive, legislative, and judicial branches of a given state, but it also includes agencies, institutions, commissions, and public authorities that operate separately or somewhat autonomously from the central state government but where the state government maintains administrative or fiscal control over their activities as defined by the Census Bureau.

For further information on the definition and organization of governments, see Chapter 1 of the Government Finance and Employment Classification Manual and the 2007 Census of Governments.

Content of the Survey

Statistics on the State Government Tax Collections Survey include measurement of tax by category: Property Tax, Sales and Gross Receipts Taxes, License Taxes, Income Taxes, and Other Taxes. Each tax category is broken down into sub-categories (e.g., motor fuel sales tax, alcoholic beverage sales tax, motor vehicle license fees, alcoholic beverage license fees, and so on). There are currently 25 different tax codes in which state tax revenue may fall.

In this survey, "taxes" are defined as all compulsory contributions exacted by a government for public purposes, except employer and employee assessments for retirement and social insurance purposes, which are classified as insurance trust revenue. Outside the scope of this collection are data on the unemployment compensation "taxes" imposed by each of the state governments. However, all receipts from licenses and compulsory fees, including those that are imposed for regulatory purposes, as well as those designated to provide revenue are included.

Tax revenue also includes related penalty and interest receipts of a government, but excludes protested amounts and refunds. The deduction from gross collections of amounts refunded is particularly significant with respect to motor fuel sales taxes (gasoline taxes) and individual income taxes. The cost of collecting and administering taxes, however, is reported as an expenditure in the Annual Survey of State Government Finances.

For classification decisions involving the assignment of taxes, the Census Bureau typically examines three factors – imposition, collection, and retention (or distribution) of tax proceeds. The general rule is that tax collection amounts are assigned to the government controlling two of the three factors. In determining the assignment of taxes, the Census Bureau gives primary consideration to the government actually imposing the tax and usually credits that government with the tax collection. The government imposing a tax is the jurisdiction whose governing body adopts the legislation or ordinance specifying the type of tax, scope, and rate and requiring its payment. Generally, if another government collects a tax for the levying unit, then that government is considered to be acting as a collecting agent and is credited only with any amount it retains as reimbursement for administration or other costs. These guidelines apply to all taxes, whether levied under general municipal powers, charter powers, or specific state legislative authority.

The following are examples of tax classification assignment decisions:

- A locally-imposed and collected tax whose ordinance or statutory authorization specifies a distribution of funds to other jurisdictions (either mandatory or optional) is credited to the imposing government. In such cases, payments to the other units are treated as intergovernmental transfers.
- Taxes adopted by a government in response to requests from other jurisdictions who may then share in the proceeds also are credited to the imposing government, the distribution being treated as intergovernmental transfers.
- A state-mandated tax required to be levied by a local government and collected by that government is credited to the local government imposing the tax.
- That portion of a state-enacted tax which is locally collected and retained is credited as a tax of the collecting agency. This is true even if there is a voluntary sharing of the tax collections, and these transactions are classified as intergovernmental transfers. State or

local government legislation which provides that the imposing government waive credit for part or all of the amounts transferred to other jurisdictions does not alter these guidelines.

- A state tax collected locally, and redistributed in accordance with state statute or administrative directive, is the most complex of taxes to assign. In recent years, several states have used their authority to redistribute or redirect property taxes designated for educational purposes. If the state imposes the tax, such as establishing a base millage for a property tax dedicated to public schools, AND there is a mandatory redistribution to other local governments of the taxes collected based on a state-controlled formula, the Census Bureau assigns the tax to the state government. In this example, the state controls two of the three factors used by the Census Bureau to determine tax assignment – imposition and distribution. The local collection of the tax is merely an agency transaction.

The examples below illustrate the various types of arrangements and how they are handled in this classification scheme:

- For a state government, local collection of state-imposed taxes is classified as state tax revenue.
- State government distribution of its tax proceeds to local governments (e.g., on a formula basis) is treated as intergovernmental expenditure of the state and as intergovernmental revenue of the local governments. This is true even for amounts designated as the “local share” of state-imposed taxes so long as the tax proceeds are collected by the state or transferred to the state by local government collection agents before their distribution.
- If the state collects a tax imposed by local governments, the collection and distribution to the imposing local governments is treated as an agency transaction; that is, the receipts are reported entirely as tax revenue of the local governments and not as either a state tax or state intergovernmental expenditure. These situations occur where a local government might impose a “piggyback” tax (always with state approval) onto a state tax of same type. Common examples are local option sales taxes and local option income taxes.
- Proceeds from taxes imposed by one local government but collected for it by another are reported as tax revenue of the imposing government, not the collecting one. Monies retained as a collection fee, however, are reported as tax revenue of the collecting government.

Beginning in 2013, the ranking table was discontinued. From 2006 through 2012, the ranking table shows states ranked by total taxes. Prior to 2006, the ranking table also showed states ranked by per capita amount. The ranking tables should be interpreted with caution; analysis based on rankings or per capita statistics can be misleading and misinterpreted because of subtle yet important differences in state government organization and economic structure. For example, using total taxes or per capita taxes as a measure of tax burden on the citizens of that state can be misleading because different states use different approaches to taxation, comparing only the total taxes collected by each state is not enough to understand the economic impact of those states’ taxes – one must also understand how those taxes are collected. Comparing taxes across states can be difficult. The Census Bureau's statistics on tax revenue reflect taxes a state collects from activity within the state, not necessarily from its people within a state. Alaska, for instance, does not have general sales taxes or individual income taxes, but it does collect severance taxes from companies that extract oil and natural gas. Like Alaska, Florida does not collect individual income taxes, instead Florida relies heavily on a general sales tax, which, because of its tourist industry, is partially supported by visitors from outside Florida. In that sense, both Alaska and Florida collect "exported taxes" – taxes from people or organizations that may reside outside of their state.

The general nature of the several major kinds of taxes shown separately in this report is suggested by their headings. More detailed definitions are contained in the 2006 Government Finance and Employment Classification Manual.

The statistics reflect state government fiscal years that end on June 30, except for four states with other ending dates: Alabama and Michigan (September 30), New York (March 31), and Texas (August 31).

For further information on what is measured and how data are classified please consult Chapter 4 of the Government Finance and Employment Classification Manual.

Data Collection

Data collected for the Annual Survey of State Government Tax Collections are public record and are not confidential, as authorized by Title 13, United States Code, Section 9. Data in these files are based on information obtained from the 2013 Annual Survey of State Government Tax Collections.

Most of the data in this report were gathered by a data request of appropriate state government offices that are directly involved with state-administered taxes. There are approximately one hundred offices that are canvassed to collect data from all fifty states. Follow-up procedures include the use of mail, telephone and e-mail until data are received.

The following are important dates in the data collection process:

October 2013	Initial mail-out requesting source materials
January 2014	Non-response follow-up
March 2014	Completion of data compilation and editing

Data Processing

Editing

The editing process tries to ensure the accuracy, completeness, and consistency of survey data. Efforts are made at all phases of collection, processing, and tabulation to minimize reporting, keying, and processing errors.

Data are processed from several collection methods including direct response to survey forms from state government officials, as well as from the compilation of administrative records and supplemental sources. Regardless of the collection method, data are edited using ratio edits of the current year's value to the prior year's value.

There may be times when state records do not include full tax revenue detail or reporting units do not respond and supplemental data sources are required. In such instances, supplemental data sources from external financial reports or the Census Bureau's Annual Survey of State Government Finances and Quarterly Summary of State and Local Government Tax Revenue (Table 3) are required to complete the data set. Supplemental records are merged with data from the state governments. Although every effort is made to obtain financial information from all state government entities, financial statements may not be available at the time the Census Bureau closes the processing, or governmental entities may not respond to our requests. As a result the data are subject to revisions each year, under conditions of improved information.

Classification of administrative records

The fifty state governments provide the Census Bureau with administrative records from their central accounting system. These administrative records are unique to each state as each state is legally organized differently from every other state and, as such, each state has a unique organizational and accounting structure. It is the responsibility of the Census Bureau to classify the different accounting and organizational structures into uniform tax categories so that entities with different methods of government accounting can be presented on a comparable basis. The records represent the core, or central, state government and are limited to tax revenue. Data on state government tax revenues are compiled from state administrative records by Census Bureau employees, according to the Census Bureau's classification methodology as outlined in the Government Finance and Employment Classification Manual.

Imputation

Not all respondents answer every item on the survey. Additionally, sources determined to be equivalent-quality-to-reported data may not be available. Imputation is the process of filling in missing or invalid data with reasonable values in order to have a complete data set for analytical purposes.

Tabulation

After the data were edited and imputed, the 2013 State Government Tax Collections data were aggregated to yield the downloadable files that are available on the website.

To view the most common aggregate tax categories that are used in the tables and special tabulations, see the Government Finance and Employment Classification Manual section entitled Methodology for Summary Tabulations.

Revisions

The Annual Survey of State Government Tax Collections released data for fiscal year 2013 on April 8, 2014. Users should note that this release does include revisions to Fiscal Years 2012 and 2011.

For additional information on the revisions made please see Detailed Revisions for Fiscal Year 2012 and Detailed Revisions for Fiscal Year 2011. This is available on all downloadable data on the survey's website.

Given the nested nature of the State Tax Collections data within the Annual Survey of State Government Finances and the Annual Survey of State & Local Government Finances, users should also note that the tax data presented here are the most current revised data for the State Government Tax Collections Survey. The State Government Finance Survey data are initially released approximately 8 months following the initial release of State Government Tax Collections data. Any revisions made to the tax component will be made with that release.

Sampling Error

These data are not subject to sampling error because this is a complete enumeration of all 50 state governments.

Nonsampling Errors

Despite efforts made in all phases of collection, processing, and tabulation to minimize errors, the survey is subject to non-sampling errors such as the inability to obtain data for every variable for all units, inaccuracies in classification, mistakes in keying and coding, and coverage errors.

While the data records are ultimately from state government sources, the classification of finances among the different categories is entirely the responsibility of the Census Bureau. Therefore, classification might not reflect the actual classification or presentation as provided by the various state government respondents.

Overall Unit Response Rate

The overall unit response rate to the 2013 Annual Survey of State Government Tax Collections was 100.0 percent. This unit response rate was calculated for total U.S., and gives the percentage of the units in the eligible universe that actually responded to the survey. In cases where data are not provided in a direct response, data are compiled by using administrative records and supplemental sources.

Total Quantity Response Rate

The Total Quantity Response Rate was also calculated for key tax categories for each state. This response rate is the proportion of the total of each tax category reported by units in the survey or from sources determined to be equivalent-quality-to-reported data expressed as a percentage of the total for the tax category. The Census Bureau's quality standard on releasing data products requires a 70 percent Total Quantity Response Rate (TQRR) for key items.

Below are the finance tax codes with their corresponding description and TQRR. Further definitions for each code are found in the 2006 Government Finance and Employment Classification Manual.

2013 Annual Survey of State Tax Collections Total Quantity Response Rates

Item Code	Description	FY2013 TQRR (percent)
T01	Property Taxes	99.8
T09	General Sales and Gross Receipts Taxes	100.0
T10	Alcoholic Beverages Sales Tax	100.0
T11	Amusements Sales Tax	100.0
T12	Insurance Premiums Sales Tax	100.0
T13	Motor Fuels Sales Tax	100.0
T14	Pari-mutuels Sales Tax	100.0
T15	Public Utilities Sales Tax	100.0
T16	Tobacco Products Sales Tax	100.0
T19	Other Selective Sales and Gross Receipts Taxes	99.9
T20	Alcoholic Beverages License	100.0
T21	Amusements License	99.6
T22	Corporations in General License	99.6
T23	Hunting and Fishing License	100.0
T24	Motor Vehicles License	100.0
T25	Motor Vehicle Operators License	91.3
T27	Public Utilities License	100.0
T28	Occupation and Businesses License, NEC	99.3
T29	Other License Taxes	98.1
T40	Individual Income Taxes	100.0
T41	Corporation Net Income Taxes	100.0
T50	Death and Gift Taxes	100.0
T51	Documentary and Stock Transfer Taxes	100.0
T53	Severance Taxes	100.0
T99	Taxes, NEC	100.0

For additional information please see: http://www.census.gov/govs/statetax/data_quality.html