Minnesota’s Consumer Expenditure Survey Uses

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Bureau of Labor Statistics
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CE Experience

- Minnesota has been producing an incidence study for nearly 20 years
- My third year working with the PUMS data for the Minnesota Department of Revenue
- Seven years with the Nebraska Department of Revenue using aggregate data from CE
Our Audiences

- Minnesota Government
  - Tax Committees
  - Legislative Research Office
  - Governor’s Commissions
- Federation of Tax Administrators
Primary Topics

- The incidence of sales and excise taxes in Minnesota for the Minnesota Tax Incidence Study
- Policy analysis
  - Exemption Levels
  - Sales tax rebates
  - Incidence of Tax Exemptions
Minnesota Tax Incidence Analysis

- Geographic Level
  - National level data

- Time Period
  - A combination of most recent three years PUMS files

- Data Files Used
  - Interview Data
    - Only consumer units that complete all the interviews
    - FMLI and MTAB Files
  - Diary Data
    - FMLD and EXPD Files

- Data is categorized into nine household types
  - Single Seniors, Married Seniors, Singles, Married no children, Married one child, Married two children, Married three or more children, Single one child, Single two or more children

- No Topcoded records used in analysis
Minnesota Tax Incidence Report

Taxes as a Percent of Income

- **All Taxes Total ETR**: 11.36%
- **General Sales Total ETR**: 2.16%
Analysis of Adding Legal Services to the Sales Tax Base

Effective Tax Rates, Population Deciles

- General Sales
- Legal Services Suits = 0.290
Analysis of Adding Clothing to the Sales Tax Base

Effective Tax Rates, Population Deciles

General Sales

Clothing Suits = -0.164

Deciles
## Ventura Sales Tax Refund Program

### FULL-YEAR RESIDENTS

Joint and Head of Household Returns (and Qualifying Widow(er)s)

<table>
<thead>
<tr>
<th>1999 Taxable Income</th>
<th>Average Sales Tax Burden</th>
<th>Counts</th>
<th>Sales Tax Rebate</th>
<th>Total Rebate</th>
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</thead>
<tbody>
<tr>
<td>Less than $2,500</td>
<td>$575</td>
<td>29,760</td>
<td>$235</td>
<td>$6,993,600</td>
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<tr>
<td>2,500 - $4,999</td>
<td>715</td>
<td>32,546</td>
<td>292</td>
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<td>5,000 - $9,999</td>
<td>750</td>
<td>67,078</td>
<td>306</td>
<td>$20,525,868</td>
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<td>10,000 - $19,999</td>
<td>826</td>
<td>64,143</td>
<td>337</td>
<td>$21,616,191</td>
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<td>15,000 - $24,999</td>
<td>936</td>
<td>63,021</td>
<td>382</td>
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<td>20,000 - $29,999</td>
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<td>64,862</td>
<td>413</td>
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<td>441</td>
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<td>67,594</td>
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<td>67,651</td>
<td>521</td>
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<td>65,549</td>
<td>565</td>
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<td>59,837</td>
<td>600</td>
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<td>615</td>
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<td>60,000 - $69,999</td>
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<td>68,516</td>
<td>642</td>
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<td>31,489</td>
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<td>90,000 - $99,999</td>
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<td>120,000 - $139,999</td>
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<td>140,000 - $159,999</td>
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<td>10,640</td>
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<td>160,000 - $179,999</td>
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<td>7,225</td>
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<td>180,000 - $199,999</td>
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<td>5,345</td>
<td>1,192</td>
<td>$6,371,240</td>
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<td>200,000 - $299,999</td>
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<td>19,245</td>
<td>1,524</td>
<td>$29,329,380</td>
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<tr>
<td>400,000 - $599,999</td>
<td>4,912</td>
<td>4,687</td>
<td>2,006</td>
<td>$9,402,122</td>
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<tr>
<td>600,000 - $799,999</td>
<td>5,894</td>
<td>1,874</td>
<td>2,407</td>
<td>$4,510,718</td>
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<td>800,000 - $999,999</td>
<td>6,757</td>
<td>976</td>
<td>2,759</td>
<td>$2,692,784</td>
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<tr>
<td>1,000,000 and over</td>
<td>9,481</td>
<td>2,464</td>
<td>3,250</td>
<td>$8,008,000</td>
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<tr>
<td>Total</td>
<td>1,010,778</td>
<td>$577,132,244</td>
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<tr>
<td>Average</td>
<td></td>
<td>$571</td>
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</tbody>
</table>
Special Projects

- Geographic Level
  - National level and regional level data
- Time Period
  - A combination of the most recent three years PUMS files
- Data Files Used
  - EXPN Data
  - Interview Data
    - Only consumer units that complete all the interviews
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Heating Fuels Special Project

- The current sales tax base exempts heating fuels during the heating season
- Change from and outright exemption to exemption the first “X” dollars of heating expenditure during the heating season
Difficulties and Concerns

- **Topcoding**
  - 20% of households in our incidence study have an income greater than $86,000 per year – 45% of total sales taxes dollars
  - 5% of households are over $175,000 per year - 20% of total sales taxes dollars

- **Spending on goods subject to excise taxes**
  - CE data does not provide data on volume of cigarettes or alcohol consumed

- **Small sample sizes**
  - Some spending categories have a high percentage of households with zero spending in particular categories
Hotel Expenditures by Senior Single Households
Difficulties and Concerns

- Intrastate spending vs. interstate spending on travel expenditures
- Data “Impenetrability”
  - Short lead times for projects
  - Other States may lack the technical abilities