



Minnesota's Consumer Expenditure Survey Uses

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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



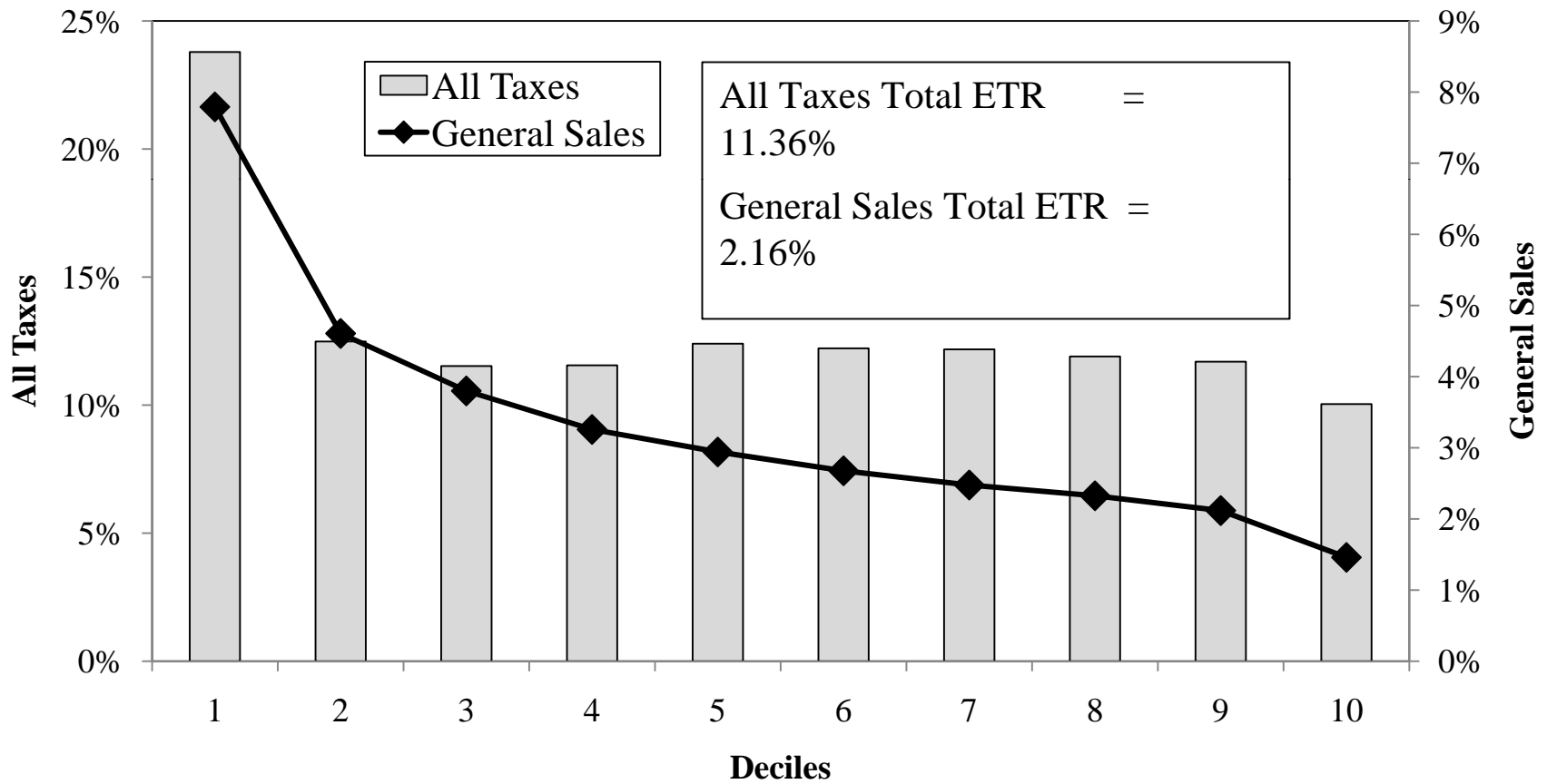
Minnesota Tax Incidence Analysis

- 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



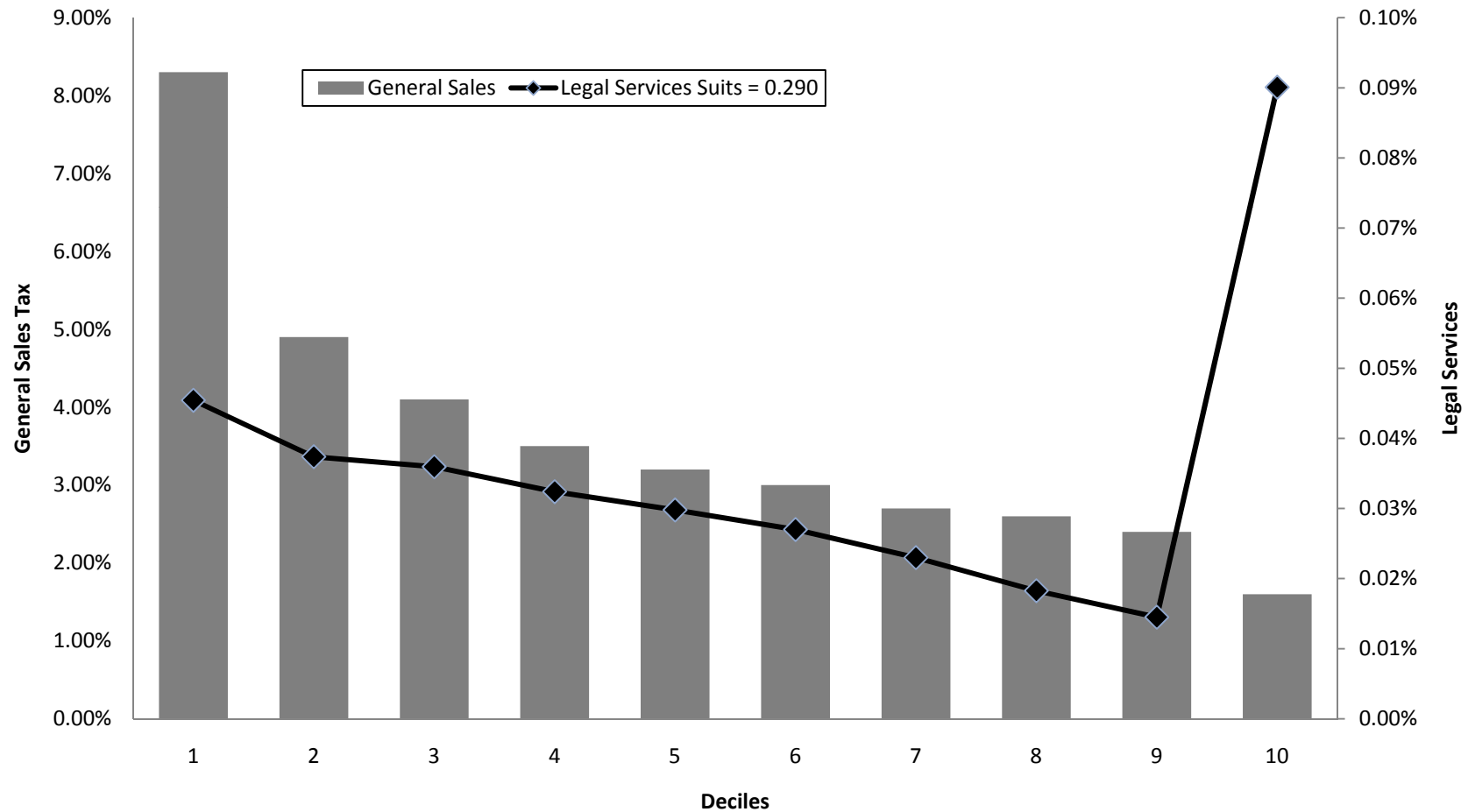
Minnesota Tax Incidence Report

Taxes as a Percent of Income



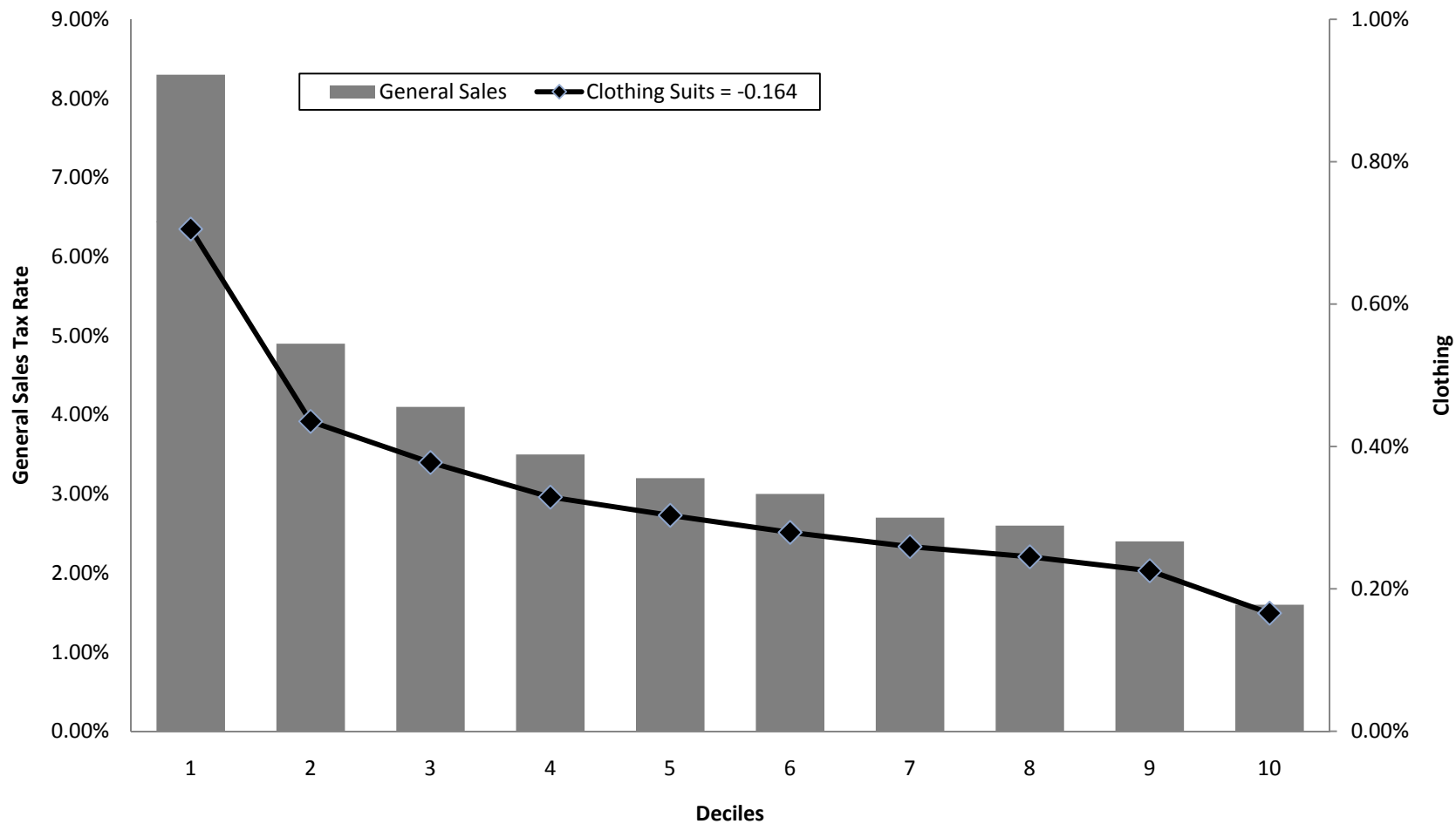
Analysis of Adding Legal Services to the Sales Tax Base

Effective Tax Rates, Population Deciles



Analysis of Adding Clothing to the Sales Tax Base

Effective Tax Rates, Population Deciles



Ventura Sales Tax Refund Program

FULL-YEAR RESIDENTS

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

<u>1999 Taxable Income</u>	<u>Average Sales Tax Burden</u>	<u>Counts</u>	<u>Sales Tax Rebate</u>	<u>Total Rebate</u>
Less than \$2,500	\$ 575	29,760	\$ 235	\$ 6,993,600
2,500 - \$ 4,999	715	32,546	292	\$ 9,503,432
5,000 - 9,999	750	67,078	306	\$ 20,525,868
10,000 - 14,999	826	64,143	337	\$ 21,616,191
15,000 - 19,999	936	63,021	382	\$ 24,074,022
20,000 - 24,999	1,012	64,862	413	\$ 26,788,006
25,000 - 29,999	1,079	67,125	441	\$ 29,602,125
30,000 - 34,999	1,172	67,594	479	\$ 32,377,526
35,000 - 39,999	1,275	67,651	521	\$ 35,246,171
40,000 - 44,999	1,384	65,549	565	\$ 37,035,185
45,000 - 49,999	1,470	59,837	600	\$ 35,902,200
50,000 - 59,999	1,506	97,223	615	\$ 59,792,145
60,000 - 69,999	1,572	68,516	642	\$ 43,987,272
70,000 - 79,999	1,711	46,082	699	\$ 32,211,318
80,000 - 89,999	1,848	31,489	755	\$ 23,774,195
90,000 - 99,999	2,001	22,018	817	\$ 17,988,706
100,000 - 119,999	2,167	27,696	885	\$ 24,510,960
120,000 - 139,999	2,374	16,132	969	\$ 15,631,908
140,000 - 159,999	2,566	10,640	1,048	\$ 11,150,720
160,000 - 179,999	2,747	7,225	1,122	\$ 8,106,450
180,000 - 199,999	2,919	5,345	1,192	\$ 6,371,240
200,000 - 399,999	3,733	19,245	1,524	\$ 29,329,380
400,000 - 599,999	4,912	4,687	2,006	\$ 9,402,122
600,000 - 799,999	5,894	1,874	2,407	\$ 4,510,718
800,000 - 999,999	6,757	976	2,759	\$ 2,692,784
1,000,000 and over	9,481	2,464	3,250	\$ 8,008,000
Total		1,010,778		\$ 577,132,244
Average				\$ 571



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
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Heating Fuels Special Project

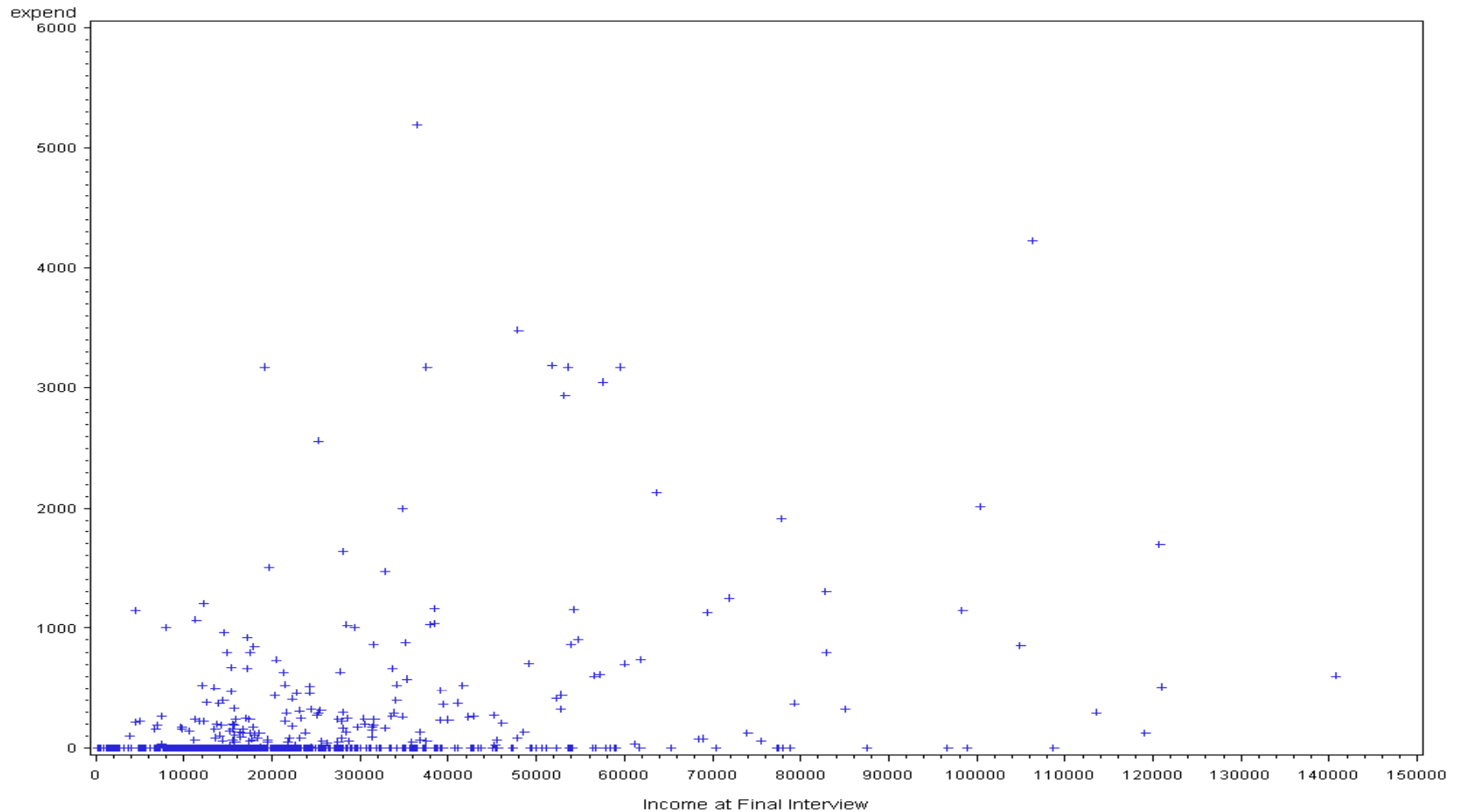
- The current sales tax base exempts heating fuels during the heating season
- Change from an outright exemption to exemption of the first “X” dollars of heating expenditure during the heating season



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