

## **Tax Data**

### 1. Corporate income tax

*Variables: CIT, CIT\_FLAG*

The (top) corporate income tax data are obtained from three sources:

- The University of Michigan tax database (1976-2002):  
<http://www.bus.umich.edu/otpr/otpr/default.asp>
- The Tax foundation (2000-2012):  
<http://taxfoundation.org/article/state-corporate-income-tax-rates>
- The book of states (usually in chapter “state finance”)  
<http://knowledgecenter.csg.org/kc/category/content-type/bos-archive>

Note that there are a few special states. States without corporate income tax:

- Nevada
- South Dakota
- Wyoming
- Texas (until 1991)

States that have a different type of corporate taxation (mainly gross receipt taxes):

- Ohio (as of 2005): Corporate Activities Tax (CAT).
- Michigan (until 2011): Single Business Tax (SBT), replaced by the Michigan Business Tax (MBT) in 2008, replaced by a regular corporate income tax in 2012.
- Washington: Washington Business and Occupation Tax (B&O).
- Texas (as of 1992): Texas Corporate Franchise Tax, replaced by the Texas Margin Tax (TMT) in 2008.

In the dataset, the latter state-year observations are flagged by the variable *CIT\_FLAG*.

### 2. Apportionment factors and throwback rules

*Variables: PROPERTY, PAYROLL, SALES, THROWBACK, THROWOUT*

Apportionment factors and throwback rules are obtained from the Commerce Clearing House’s State Tax Handbooks. See, e.g., the 2006 issue that is available online at:

<http://tax.cchgroup.com/onlinestore/productimages/vol1-pages489-505.pdf>

Note that three states have a “throwout” rule instead of a “throwback” rule (Maine, New Jersey, and West Virginia). In the dataset, throwout states are indicated by the *THROWOUT* dummy. Throwout and throwback rules are very similar:

- Throwback rule: States capture income from nowhere sales by requiring companies to add (or “throw back”) nowhere sales to in-state sales (i.e., in the numerator).
- Throwout rule: States capture income from nowhere sales by requiring companies to subtract (or “throw out”) nowhere sales from total sales (i.e., in the denominator).

Either method increases the relative weight of in-state sales in the sales factor, thus increasing the income apportioned to the taxing state.

### 3. Sales taxes

*Variable: SAL*

The sales taxes are obtained from two sources:

- The University of Michigan tax database (1976-2002):  
<http://www.bus.umich.edu/otpr/otpr/default.asp>
- The Tax foundation (2000-2012):  
<http://taxfoundation.org/article/state-sales-gasoline-cigarette-and-alcohol-tax-rates>

### 4. Unemployment insurance

*Variables: UI, UI\_RATE, UI\_BASE*

The data are obtained from the “Significant Provisions of State UI Laws,” available at:  
<http://workforcesecurity.doleta.gov/unemploy/statelaws.asp>

Note that in the analysis we use the top tax rate (*UI\_RATE*) multiplied by the maximum base wage (*UI\_BASE*).

### 5. Personal income tax

*Variable: PINC*

The data are obtained from: <http://users.nber.org/~taxsim/state-rates/maxrate.html>

### 6. Property tax share

*Variable: PR*

There is no data on property taxes at the state level. Instead, we use the “property tax share,” computed as the ratio of property taxes (state and local governments) divided by total revenues (state and local governments). The data are from the U.S. Census Bureau’s State & Local Finances database, available at <http://www.census.gov/govs/local>.

7. Tax incentives

*Variable: FA1-FA18, T11-T115*

These data are obtained from *Site Selection*. See, e.g., the 2009 issue that is available online at: <http://www.siteselection.com/issues/2009/nov/State-Incentives/upload/0911IncentiveChartsNotes.pdf>.

The tax incentives are grouped into two categories: 1) financial assistance for industry (FA) and 2) tax incentives (TI).

A few years are missing. For those years, the latest available year is used.

8. State GDP

*Variable: GDP*

Downloaded from the Bureau of Economic Analysis (BEA) website: [http://www.bea.gov/iTable/index\\_regional.cfm](http://www.bea.gov/iTable/index_regional.cfm)

9. State unemployment rate

*Variable: UE*

Downloaded from the Bureau of Labor Statistics (BLS) website: <http://www.bls.gov/lau/data.htm>

10. State budget balance

*Variable: BAL*

The state's budget balance, computed as (revenues – expenditures)/expenditures. The data are from the U.S. Census Bureau's State & Local Finances database (<http://www.census.gov/govs/local>).

## Data Glossary

#	Variable	Type	Label
1	state	Char	State
2	state_name	Char	State Name
3	fips	Num	FIPS code
4	year	Num	Year
5	cit	Num	Corporate income tax
6	cit_flag	Num	Flag for gross receipt tax (OH, TX, WA)
7	property	Num	Property apportionment factor
8	payroll	Num	Payroll apportionment factor
9	sales	Num	Sales apportionment factor
10	throwback	Num	Throwback rule
11	throwout	Num	Is throwback rule a throwout?
12	sal	Num	Sales tax
13	ui	Num	Unemployment insurance
14	ui_rate	Num	Unemployment insurance rate
15	ui_base	Num	Unemployment insurance base wage
16	pinc	Num	Personal income tax
17	total_taxes	Num	Total taxes
18	property_taxes	Num	Property taxes
19	sales_taxes	Num	Sales taxes
20	receipts_taxes	Num	Sales and gross receipts taxes
21	pit_taxes	Num	Personal income taxes
22	cit_taxes	Num	Corporate income taxes
23	fa1	Num	FINANCIAL ASSISTANCE 1: State-Sponsored Industrial Development Authority
24	fa2	Num	FINANCIAL ASSISTANCE 2: Privately Sponsored Development Credit Corporation
25	fa3	Num	FINANCIAL ASSISTANCE 3: State Authority or Agency Revenue Bond Financing
26	fa4	Num	FINANCIAL ASSISTANCE 4: State Authority or Agency General Obligation Bond Financing
27	fa5	Num	FINANCIAL ASSISTANCE 5: City and/or County Revenue Bond Financing

28	fa6	Num	FINANCIAL ASSISTANCE 6: City and/or County General Obligation Bond Financing
29	fa7	Num	FINANCIAL ASSISTANCE 7: State Loans for Building Construction
30	fa8	Num	FINANCIAL ASSISTANCE 8: State Loans for Equipment, Machinery
31	fa9	Num	FINANCIAL ASSISTANCE 9: City and/or County Loans for Building Construction
32	fa10	Num	FINANCIAL ASSISTANCE 10: City and/or County Loans for Equipment, Machinery
33	fa11	Num	FINANCIAL ASSISTANCE 11: State Loan Guarantees for Building Construction
34	fa12	Num	FINANCIAL ASSISTANCE 12: State Loan Guarantees for Equipment, Machinery
35	fa13	Num	FINANCIAL ASSISTANCE 13: City and/or County Loan Guarantees for Building Construction
36	fa14	Num	FINANCIAL ASSISTANCE 14: City and/or County Loan Guarantees for Equipment, Machinery
37	fa15	Num	FINANCIAL ASSISTANCE 15: State Financing Aid for Existing Plant Expansion
38	fa16	Num	FINANCIAL ASSISTANCE 16: State Matching Funds for City and/or County Industrial Financing Programs
39	fa17	Num	FINANCIAL ASSISTANCE 17: State Incentive for Establishing Industrial Plants in Areas of High Unemployment
40	fa18	Num	FINANCIAL ASSISTANCE 18: City and/or County Incentive for Establishing Industrial Plants in Areas of High Unemployment
41	ti1	Num	TAX INCENTIVE 1: Corporate Income Tax Exemption
42	ti2	Num	TAX INCENTIVE 2: Personal Income Tax Exemption
43	ti3	Num	TAX INCENTIVE 3: Excise Tax Exemption
44	ti4	Num	TAX INCENTIVE 4: Tax Exemption or Moratorium on Land, Capital Improvements
45	ti5	Num	TAX INCENTIVE 5: Tax Exemption or Moratorium on Equipment, Machinery
46	ti6	Num	TAX INCENTIVE 6: Inventory Tax Exemption on Goods in Transit (Freeport)
47	ti7	Num	TAX INCENTIVE 7: Tax Exemption on Manufacturers' Inventories
48	ti8	Num	TAX INCENTIVE 8: Sales/Use Tax Exemption on New Equipment
49	ti9	Num	TAX INCENTIVE 9: Tax Exemption on Raw Materials Used in Manufacturing
50	ti10	Num	TAX INCENTIVE 10: Tax Incentive for Creation of Jobs
51	ti11	Num	TAX INCENTIVE 11: Tax Incentive for Industrial Investment
52	ti12	Num	TAX INCENTIVE 12: Tax Credits for Use of Specified State Products
53	ti13	Num	TAX INCENTIVE 13: Tax Stabilization Agreements for Specified Industries
54	ti14	Num	TAX INCENTIVE 14: Tax Exemption to Encourage Research and Development
55	ti15	Num	TAX INCENTIVE 15: Accelerated Depreciation of Industrial Equipment

56	ue	Num	Unemployment rate
57	gdp	Num	Gross domestic product
58	pr	Num	Property tax share
59	bal	Num	State budget balance