Taxes, Incentives, and Economic Growth: Assessing the Impact of Pro-business Taxes on U.S. State Economies

Replication Data Codebook

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	Variable Name	Variable Description	Years Available
1	state	State Name	1975-2006
2	year	Year	1975-2006
3	code	State Identification Number	1975-2006
4	gspgrowth	Growth Rate of Total Gross State Product	1978-2006
5	emppctchange	Change in Percent Employed	1978-2005
6	pincomegrowth	Growth Rate of Personal Income per Capita	1975-2006
7	jobchange	Change in Net Job Creation Rate	1978-2005
8	povrtchange	Poverty Rate	1980-2006
9	estabsentryrtchange	Change in the Entry Rate of Establishments	1978-2005
10	estabsexitrtchange	Change in the Exit Rate of Establishments	1978-2005
11	busntaxprop	Composite Business Taxes a Percent of GSP	1977-2006
12	nonbusntaxprop	Non-business Taxes (% GSP)	1977-2006
13	logpop	Natural Log of Population	1975-2006
14	pctgrads	Percent of Population with High School Degree	1976-2006
15	landpi	Land Price Index	1975-2006
16	enerprice	Total Energy Price	1975-2006
17	union_density	Union Membership Density	1975-2006
18	govideo	Government Ideology	1975-2006
19	realpolicespendpc	Real Police Expenditures per Capita	1975-2006
20	realcorrectspendpc	Real Corrections Expenditures per Capita	1975-2006
21	realpubwelpc	Real Public Welfare Expenditures per Capita	1975-2006
22	realhealthspendpc	Real Health Expenditures per Capita	1975-2006
23	realhighwayspendpc	Real Highway Expenditures per Capita	1975-2006
24	realcombedspendpc	Real Expenditures on Primary and Secondary Education per Capita	1975-2006
25	realhighedspendpc	Real Higher Education Expenditures per Capita	1975-2006
26	gdppc_growrt	Gross Domestic Product Per Capita Growth Rate	1975-2006
27	natl_unempct	National Unemployment Rate	1975-2006

28	primert	Prime Rate Charged by Banks	1975-2006
29	tottaxfull	Complete Total Tax Receipts	1975-2006
30	tottaxprop	Total Tax Receipts as a Percent of GSP	1977-2006
31	sltotaltax	State and Local Total Tax Receipts	1977-2006
32	minpct	Mineral Extraction as a Percent of Personal Income	1975-2006
33	oilpct	Oil Extraction as a Percent of Personal Income	1975-2006
34	gsppc	Gross State Product per Capita	1977-2006

Variable Explanations

1. state: State Name

2. year: Year of Analysis

Coding Notes:
Years of analysis span 1960 to 2011; this variable takes the form of all four digits of the year.

3. code: State Identification Number

4. gspgrowth: Growth Rate of Total Gross State Product

Coding Notes:
Regional Economic Information System (REIS), Bureau of Economic Analysis.

5. emppctchange: Change in Percent Employed

Coding Notes:
Business Dynamic Statistics, US Census Bureau. Full- and part-time March 12 employees. Included are employees on paid sick leave, holidays, and vacations. Not included are proprietors and partners of unincorporated businesses.

6. pincomepcgrowth: Growth Rate of Personal Income per Capita

Coding Notes:
Bureau of Economic Analysis, Regional Economic Information System (REIS).

7. jobchange: Change in the Net Job Creation Rate

Coding Notes:

Business Dynamic Statistics, US Census Bureau. Job creation is the sum of all employment gains from expanding establishments from year *t-1* to year *t* including establishment startups. Note that the contribution of firm births can be measured by using the job creation from establishments with firm age equal to 0.

8. povrtchange: Change in the Poverty Rate

Coding Notes:

US Bureau of the Census, Current Population Survey, Annual Social and Economic Supplements. Percent of population living in poverty.

9. estabsentryrtchange: Change in the Entry Rate of Establishments

Coding Notes:

Business Dynamic Statistics, US Census Bureau. An establishment is a fixed physical location where economic activity occurs. Rate of openings of establishments.

10. estabsexitrtchange: Change in the Exit Rate of Establishments

Coding Notes:

Business Dynamic Statistics, US Census Bureau. Rate of closings of establishments.

11. busntaxprop: Composte Business Taxes as a Percent of GSP

Coding Notes:

Corporate income tax + property tax + corporate licensing tax + occupational licensing tax

Corporate Income Tax Receipts: *US Census Bureau, State Government Tax Collections.* Corporation net income tax declined for the second consecutive year, dropping 20.7 percent, to $40.3 billion. Additionally, of the forty-six states 3 that implement a corporation net income tax, thirty-nine states had a decrease of 10.0 percent or greater in 2009. All four regions reported a decrease in corporation net income tax from 2008, with the West down 22.9 percent to $12.2 billion, the South down 20.6 percent to $9.0 billion, the Midwest down 26.8 percent to $7.5 billion, and the Northeast down 16.1 percent to $11.6 billion.

Property Tax Receipts: *US Census Bureau, State Government Tax Collections.* Although property taxes are primarily a local government tax,

several state governments impose property taxes on large multijurisdictional enterprises, such as Pennsylvania's tax on utility property. Other states, such as Michigan and Vermont, impose a property tax to finance elementary and secondary education state-wide. Accordingly, property taxes at the state government level accounted for 1.8 percent of total state government tax revenues in fiscal year 2009, compared with property taxes accounting for 71.4 percent of total local government tax revenue in the 2007 Census of Governments. As such, property taxes were one of the few categories that increased in fiscal year 2009, up 3.7 percent to $13.2 billion. State property tax revenue includes any tax imposed on the ownership of property measured by its value, whether it be real property or personal property, automobiles, stock, land, etc.

Corporate Licensing Tax Receipts: *US Census Bureau, State Government Tax Collections.* In thousands of dollars. amount of corporate stock, debt, or other basis besides assessed value of property; and other licenses applicable with few, specified exceptions to all corporations. **Excludes:** Taxes on corporations based on value of property (use *Property Taxes*, code T01), on net income (report at *Corporation Net Income Taxes*, code T41), or on gross receipts from sales, other than at minor rates (use *General Sales and Gross Receipt Taxes*, code T09); and taxes distinctively imposed on particular kinds of businesses, such as public utilities, insurance companies, etc. (report at appropriate *Selective Sales Tax*, codes T10 – T19).

Occupational Licensing Tax Receipts: *US Census Bureau, State Government Tax Collections.* In thousands of dollars. Licenses (including examination and inspection fees) required of persons engaged in particular professions, trades, or occupations; taxes on insurance companies based on value of their policies; such taxes on businesses not elsewhere classified; and charges or fees relating to the inspection and marketing of commodities (e.g., seed, feed, fertilizer, gasoline, oil, citrus fruit, etc.).

12. nonbusntaxprop: Non-business Taxes (% of GSP)

Coding Notes:

tottaxprop - busntaxprop

13. logpop: Natural Log of Population

Coding Notes:

Statistical Abstract of the United States, Table on Intercensal Resident Population, Bureau of the Census, Department of Commerce, Washington D.C

14. pctgrads: Percent of Population with High School Degree

Coding Notes:

For 1976 and 1980 *Statistical Abstract of the US, US Census Bureau.*
For 1980-2006 *US National Center for Education Statistics, Digest of Education Statistics.*
For 1990-2006: *Statistical Abstract of the United State, US Census Bureau.*

15. landpi: Land Price Index

Coding Notes:

Lincoln Institute of Land Policy. Data is used for the 4th quarter of every year. The Land Price Index is calculated with the method of Davis and Heathcote (2007) using estimates of the home value, the replacement cost of structures, land value, and the home price index. The second quarter of 1990 is defined as 100.

16. enerprice: Total Energy Price

Coding Notes:

US Energy Information Administration. Price data in the SEDS price and expenditure tables are expressed in dollars per million Btu. Two general approaches are used to assign or estimate prices in cases where consumption occurs but no price is directly available from the data sources.The first approach is to assign an adjacent State price or the simple average of adjacent States' prices. When this approach is not feasible, the consumption-weighted price from the Census division or region or the Petroleum Administration for Defense district or subdistrict in which the State is located is assigned.

17. union_density: Union Membership Density

Coding Notes:

Barry T. Hirsch, David A. Macpherson, and Wayne G. Vroman, "Estimates of Union Density by State," Monthly Labor Review, Vol. 124, No. 7, July 2001, pp. 51-55. Union Membership and Coverage Database for the CPS. Figures represent the percentage of each state's nonagricultural wage and salary employees who are union members. Estimates are based on the 1983-2009 Current Population Survey (CPS) Outgoing Rotation Group (ORG) earnings files, the 1973-81 May CPS earnings files, and the BLS publication, Directory of National Unions and Employee Associations, for various years. Details on data and methodology are provided in the text.

18. govideo: Government Ideology

Coding Notes:

ADA/COPE measure of state government ideology. Berry, William D., Evan J. Ringquist, Richard C. Fording and Russell L. Hanson. 1998. "Measuring Citizen and Government Ideology in the American States, 1960-93." *American Journal of Political Science* 42:327-48.

19. realpolicespendpc: Real Police Expenditures per Capita

Coding Notes:

Government Finances Data, US Census Bureau. Preservation of law and order and traffic safety. Includes police patrols and communications, crime prevention activities, detention and custody of persons awaiting trial, traffic safety, and vehicular inspection.

20. realcorrectspendpc: Real Corrections Expenditures per Capita

Coding Notes:

Government Finances Data, US Census Bureau. Confinement and correction of adults and minors convicted of offenses against the law, and pardon, probation, and parole activities.

21. realpubwelpc: Real Public Welfare Expenditures per Capita

Coding Notes:

Government Finances Data, US Census Bureau. Support of and assistance to needy persons contingent upon their need. Excludes pensions to former employees and other benefits not contingent on need. Expenditures under this heading include: *Cash Assistance* paid directly to needy persons under the categorical programs (Old Age Assistance, Aid to Families with Dependent Children, Aid to the Blind, and Aid to the Disabled) and under any other welfare programs; *Vendor Payments* made directly to private purveyors for medical care, burials, and other commodities and services provided under welfare programs; and provision and operation by the government of welfare institutions including nursing homes not directly associated with a government hospital. *Other Public Welfare* includes payments to other governments for welfare purposes, amounts for administration, support of private welfare agencies, and other public welfare services. *Health and Hospital* services provided directly by the government through its own hospitals and health agencies, and any payments to other governments for such purposes are classed under those functional headings rather than here.

22. realhealthspendpc: Real Health Expenditures per Capita

Coding Notes:

Government Finances Data, US Census Bureau. Outpatient health services, other than hospital care, including: public health administration; research and education; categorical health programs; treatment and immunization clinics; nursing; environmental health activities such as air and water pollution control; ambulance service if provided separately from fire protection services; and other general public health activities such as mosquito abatement. School health services provided by health agencies (rather than school agencies) are included here. Financing, construction, acquisition, maintenance or operation of hospital facilities, provision of hospital care, and support of public or private hospitals. *Own Hospitals* are facilities administered directly by the government concerned; *Other Hospitals* refers to support for hospital services in private hospitals or other governments. However, see *Public Welfare* concerning vendor payments under welfare programs. Nursing homes are included under *Public Welfare* unless they are directly associated with a government hospital.

23. realhighwayspendpc: Real Highway Expenditures per Capita

Coding Notes:

Government Finances Data, US Census Bureau. Construction, maintenance, and operation of highways, streets, and related structures, including toll highways, bridges, tunnels, ferries, street lighting and snow and ice removal. However, highway policing and traffic control are classed under *Police Protection*.

24. realcombedspendpc: Real Expenditures on Primary and Secondary Education per Capita

Coding Notes:

State Politics and Policy Quarterly, Digest of Education Statistics. Total expenditures on secondary and elementary education in the 1,000,000's of current dollars; *Digest of Education Statistics.*

25. realhighedspendpc: Real Higher Education Expenditures per Capita

Coding Notes:

Government Finances Data, US Census Bureau. Schools, colleges, and other educational institutions (e.g., for blind, deaf, and other handicapped individuals) and educational programs for adults, veterans, and other special classes. *Higher Education* includes activities of degree-granting post-secondary institutions operated by the state and local governments, except that agricultural extension services and experiment stations are classified under *Natural Resources* and hospitals serving the public are classified under *Hospitals*.

26. gdppc_growrt: Gross Domestic Product per Capita Growth Rate

Coding Notes:

US Department of Agriculture, Economic Research Service.

27. natl_unempct: National Unemployment Rate

Coding Notes:

Bureau of Labor Statistics. Percent of civilian labor force unemployed for nation.

28. primert: Prime Rate Charged by Banks

Coding Notes:

Statistical Abstract of the United States, Federal Reserve Bulletin. Percent per year are annual averages of either daily or monthly figures. Rate posted by a majority of top 25 (by assets in domestic offices) insured U.S.-chartered commercial banks. Prime is one of several base rates used by banks to price short-term business loans.

29. tottaxfull: Complete Total Tax Receipts

US Census Bureau, State Government Tax Collections. The data in this report are from a complete census of all state governments. Most of the data were gathered by a mail canvass 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 of nonresponding units is done by mail, telephone, and e-mail. The state tax categories include taxes on property, sales, license, income, and other. Each of these tax categories is broken down into subcategories.

30. tottaxprop: Total Tax Receipts as a Percent of GSP

Coding Notes:

US Census Bureau, State Government Tax Collections. The data in this report are from a complete census of all state governments. Most of the data were gathered by a mail canvass 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 of nonresponding units is done by mail, telephone, and e-mail. The state tax categories include taxes on property, sales, license, income, and other. Each of these tax categories is broken down into subcategories.

31. sltotaltax: State and Local Total Tax Receipts

Coding Notes:

State & Local Government Finance Data Query System. http://www.taxpolicycenter.org/slf-dqs/pages.cfm. The Urban Institute-Brookings Institution Tax Policy Center. Data from U.S. Census Bureau, Annual Survey of State and Local Government Finances, Government Finances, Volume 4, and Census of Governments (Years). Date of Access: (13-May-13 12:29 PM)

32. minpct: Mineral Extraction as a Percent of Personal Income

Coding Notes:

Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce. Divided by personal income.

33. oilpct: Oil Extraction as a Percent of Personal Income

Coding Notes:

Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce. Divided by personal income.

34. gsppc: Gross State Product per Capita

Coding Notes:

Regional Economic Information System (REIS), Bureau of Economic Analysis. Divided by population (*Statistical Abstract of the United States, Table on Intercensal Resident Population,* Bureau of the Census, Department of Commerce, Washington D.C)