

Monthly State Sales Tax Collections Methodology

Background

The Census Bureau is producing new monthly state sales tax collections as an experimental product. This monthly compilation measures monthly tax revenues of state governments based on a calendar month and will be published on a monthly basis. Data reported for a particular month generally represent taxes collected on sales made during the prior month. These data cover the fifty state governments, as well as all dependent state-level governmental entities.

While the state data records are ultimately derived from state government sources, the classification of taxes among the different categories is the responsibility of the U.S. Census Bureau. Therefore, when necessary, tax classifications were adjusted to meet the Census Bureau's definitions and might differ from the actual classification or presentation as provided by some of the various state governments on their own reports. For example some states segregate motor vehicle sales from their general sales taxes, while the Census Bureau includes motor vehicle sales in the general sales tax category.

Population of Interest

The compilation includes the 50 state governments, and covers general sales, lodging, motor fuel, tobacco products and alcoholic beverages' sales taxes.

Definition of "state government"-- The Census Bureau has a specific state governments definition that may differ from the ones used by some of the state government sources included in the compilation. To be consistent with other Census Bureau public sector reports this product follows Census Bureau definitions. Therefore, as defined by the Census Bureau, for the purpose of these 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.

Concepts and Terminology

In this dataset, "taxes" are defined as all compulsory contributions exacted by a government for public purposes.

Tax revenue is further defined to include related penalty and interest receipts of a government, but to exclude protested amounts. The deduction from gross collections of amounts refunded is particularly large with respect to motor fuel sales taxes ("gasoline" taxes).

Year over Year Monthly Comparisons— The data provided consist of taxes collected in the current month and are contrasted with taxes collected in the same month of the prior year. This comparison better reflects the impact of both normal seasonal fluctuation and differing state tax collection cycles. Unusual events such as significant tax rate or structure changes, shifts in collection cycles, or collection deferrals due to unusual circumstances can all also affect the validity of year over year monthly

comparisons. In addition, market conditions such as large changes in the prices of goods and services, or large fluctuations in sales volume can also affect these comparisons.

In some cases states may make data publically available only for their general funds. When this occurs the amounts reported are lower than those that would have been actually reported had other funds been taken into account. However, usually this should not affect the measurement of year over year monthly change. This is especially true when the taxes are levied on the same basis (e.g., 5 percent of gross sales) as the trend will be identical across funds.

Data for locally imposed taxes collected by the state and remitted back to local governments are not included, however, any commissions retained by the state to cover the cost of collection are included.

Lodging taxes are a subset of the current Census Bureau category of “Other Selective Sales and Gross Receipts Taxes” and apply to businesses engaged in short-term room rentals. It should be noted that lodging taxes which are reported as a portion of general sales taxes are not included in this category, but rather as part of the general sales tax total so as not to duplicate data.

Census Bureau definitions for individual tax types can be found in the *Government Finance and Employment Classification Manual* located at:

https://www2.census.gov/govs/pubs/classification/2006_classification_manual.pdf

Data Collection

Data are primarily compiled from existing state reports posted on public facing internet sites. In some cases data are reported to the Census Bureau directly by the states via the Quarterly Survey of State and Local Tax Revenue. In some instances the data for one or more types of taxes may not be available for a state. In those instances the data are labeled as “not reported.” Any tax types which are not levied by a particular state are labeled as “not applicable.”

Data are updated monthly, but due to differing reporting cycles data for some states may lag.

Data are presented in whole dollars. When states report figures in dollars and cents the data are rounded to the nearest dollar. When states report figures in thousands of dollars, zeros are added to fill in the missing whole dollars.

In most cases the data are unaudited. Specific information can be obtained from the various state data sources.

Non-sampling Error

All aspects of the survey collections are subject to non-sampling errors. These are potential errors due to mistakes that the state governments may have made in preparing their state reports or publications, or errors staff may have made due to various processing problems while creating their state reports or publications, such as keying or classification errors.