

Survey of State Tax Research Office Functions and Staffing

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Overview

- The survey was conducted to compare the NCDOR Tax Research Division to offices in other states. It was intended to be an internal document, so the questions are oriented to the issues facing our office.
- 31 states responded to the survey.
- The survey asked which functions were performed by the tax research office in the tax agency and which were undertaken by other state agencies.
- The survey asked how many FTE were devoted to each function in the tax research office, but these results could not be used due to inconsistent interpretations of the term FTE.
- The survey asked questions about the data analysis systems and forecasting services used by offices.
- The survey also asked for information on the number and types of staff in each office and the layers of reporting between the office and the tax agency head.

Number of Offices Performing Function

General Fund revenue forecast	20	Reports on sales tax collections by geography/business type	26
Other funds revenue forecast	26	Reports on retail sales by geography/business type	22
Fiscal analysis of introduced revenue bills	27	Publication of a guide to state taxes	16
Fiscal analysis of executive branch tax proposals	29	Publication of a comprehensive report on statistics of taxation	25
Development of Executive branch tax policy proposals	19	Publication of reports listing taxpayers claiming certain tax credits	7
Development of Executive branch tax administrative proposals	13	Publication of a comprehensive tax expenditure report	25
Statistical sampling for compliance activities	7	Publication of reports on tax incidence	17
Developing case section models for compliance activities	4	Publication of issue reports on state taxes	18
Census Bureau revenue reporting	15	Verifying Rockefeller Institute data	22
Preparation of the statement of collections	26	Property tax rate and valuation reports	11
Responding to surveys (DC Tax Burden, etc)	28	Confirming amount of revenue distributed to local governments	10

Which Agencies Forecast General Fund Revenues?

Tax Agency	7
Tax Agency and Legislative Staff	4
Tax Agency and Governor's/Budget Office	1
Tax Agency, Legislative Staff, and Governor's/Budget Office	8
Tax Agency, Legislative Staff, Governor's/Budget Office, and Outside Organization	1
Governor's/Budget Office	4
Legislative Staff and Governor's/Budget Office	5
Outside Organization	2

Which Offices Develop Executive Branch Tax Policy Proposals?

Tax Research	6
Tax Research and Other Tax Agency Office	5
Tax Research and Governor's/Budget Office	4
Tax Research, Other Tax Agency Office, and Governor's/Budget Office	3
Other Tax Agency Office	3
Other Tax Agency Office, and Governor's/Budget Office	2
Governor's/Budget Office	9

Which combinations of estimation functions are performed by tax research offices?

General Fund Forecast	Other Funds Forecasts	Fiscal Analysis of Revenue Bills	Fiscal Analysis of Executive Tax Proposals	Tax Expenditure Report	# of Offices
X	X	X	X	X	11
X		X	X	X	4
	X	X	X	X	2
X	X	X	X		2
		X	X	X	5
X		X	X		2
X	X		X		1
			X	X	2
X	X				1

Frequency of Publication for Various Reports

	Monthly	Quarterly	Annually	Biennially	Other	Not Provided
Sales Tax Collections by Geography/ Business type	13	7	13	-	1	-
Retail Sales by Geography/ Business Type	11	5	12	-	2	-
Guide to State Taxes	-	-	8	4	-	4
Comprehensive Statistical Report	-	-	15	2	-	8
Tax Expenditure Report	-	-	9	9	3	4

Analysis Systems Used by Tax Research Offices

SAS	8
E-Views	1
SPSS	2
Stata	1
SAS and E-Views	7
Other Combinations	6
None Listed	7

Microsimulation Models

Tax Schedule	Offices With Model
Individual Income	7
Corporate Income	2
Individual Income and Corporate Income	7
Individual Income, Corporate Income, Franchise, and Sales	3
Other Combinations	4

What is a Data Warehouse?

- Database designed to support decision making, rather than to process tax returns.
- Separate from the active database used for processing tax returns, but is populated and updated from the active database through batch processing.
- Data from outside of the tax-processing database can be added to the data warehouse and combined at the record level with the tax data.
- Integrates data at the taxpayer level.
- Has user interfaces that allow for rapid structured online queries and managerial summaries.
- Statistical analysis of data can be performed either online or through the rapid downloading of data to a statistical analysis system, such as SAS.

Data Warehouses

- 12 states had data warehouses and 8 others reported that warehouses were under development.
- For those with warehouses, most included income and/or corporate tax data. Several also included sales tax data.
- For those with warehouses, four had under 5 years of data, seven had 5-10 years of data and only one had more than 10 years of data.

Which forecasting services are used by tax research offices?

Global Insight	8
Economy.com	7
Economy.com and Global Insight	3
Other Combinations	4

Sizes of Offices

Office Size	General Fund Forecaster	Not General Fund Forecaster	Total
1-5	6	2	8
6-9	8	4	12
10-15	2	1	3
16-20	2	2	4
21+	-	2	2

How many organizational layers are between the tax research office and the head of tax agency?

Office Size	None	One	Two or More
1-5	2	4	2
6-9	5	3	1
10-15	-	1	1
16-20	-	3	1
21+	-	2	-

Staff Composition

- Almost all assistant director, programmer, data entry/editing, and other support positions were in offices with at least 8 staff.
- Only two offices had no economists, but these were small offices with assistant directors who may have served in that role.
- Smaller offices were more likely to have only senior economists and offices with large numbers of junior economists tended to have no senior economists.
- Analysts/statistician positions were in offices of all sizes.

The End