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USING CENSUS BUREAU STATISTICS  
ON GOVERNMENTAL FINANCES

by

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# USING CENSUS BUREAU STATISTICS ON GOVERNMENTAL FINANCES

by  
Arley D. Waldo and Carole B. Yoho

The U.S. Bureau of the Census collects and publishes a substantial amount of data on governmental finances. These statistics are widely used to describe and compare the revenue systems and expenditure patterns of state and local governments. This report (1) briefly describes the way in which Census Bureau statistics on governmental finances are collected, (2) provides some guidelines concerning the use of these statistics, (3) defines some of the terms used in classifying governmental finances, and (4) lists the major publications on state and local governments issued by the Census Bureau.

## Sources and Methods

Information on governmental finances and employment is compiled regularly by the Governments Division of the U.S. Bureau of the Census. One of the advantages of Census Bureau statistics is that they are based on a uniform classification of state and local financial data. This makes it easier to compare the finances of different states.

State government information is based on an annual Census Bureau survey. State financial data are compiled from official state reports and records by representatives of the Census Bureau. Local government information is estimated from a random sample of approximately 16,000 units of local government. Information on local governments is, therefore, subject to sampling error. Because state government figures are not subject to sampling variability, aggregate state-local figures are more reliable than local government estimates alone.

State and local financial data are grouped on a July 1 to June 30 fiscal year basis. Most state governments and school districts operate



This comparison shows that revenue from state and local sources per \$1,000 of personal income was much higher in Minnesota than in North Dakota. Does this suggest that Minnesota is a "high tax" state and North Dakota, a "low tax" state? Not necessarily. A comparison based on information for 1973 shows only a small difference between the two states.

State and Local General  
Revenue from Own Sources  
Per \$1,000 of Personal  
Income, 1973

	<u>Amount</u>	<u>Rank Among All States</u>
Minnesota	\$193.63	4
North Dakota	\$184.44	7

Total revenue from state and local sources increased in both states from 1973 to 1974--by 8.8 percent in Minnesota and 17.5 percent in North Dakota. However, these increases were more than offset by increases in personal income. Personal income rose by 19.5 percent in Minnesota and 54.3 percent in North Dakota. Consequently, revenue from state and local sources per \$1,000 of personal income was lower in 1974 than in 1973 in both states. The figure for North Dakota dropped more than the figure for Minnesota because income increased much more in North Dakota. The larger increase in income in North Dakota was due to two factors: (1) nationally, farm income increased much faster than nonfarm income, and (2) farm income is a much larger component of total personal income in North Dakota than in Minnesota.

4. Be cautious when comparing figures for local governments alone or for state governments alone.

For example, suppose you are comparing per capita local government taxes in Minnesota and South Dakota.

Per Capita Tax Revenue  
of Local Governments,  
1974

	<u>Amount</u>
Minnesota	\$225.30
South Dakota	\$276.10

This comparison shows that per capita local government tax revenue is higher in South Dakota than in Minnesota. But this tells nothing about how state-collected taxes compare.

Per Capita Tax Revenue  
of State Governments,  
1974

	<u>Amount</u>
Minnesota	\$470.54
South Dakota	\$242.82

A comparison of taxes collected by state governments shows per capita state tax revenue in Minnesota to be nearly twice as high as in South Dakota. States vary widely in the relative amounts of tax revenue raised at the local and state level.

5. When comparing tax levels, you will usually want to include both tax revenue and revenue from charges for public services and other state and local sources of non-tax revenue.

Suppose you are comparing per capita tax burdens in Minnesota and Massachusetts and you include only tax revenue.

Per Capita State and  
Local Tax Revenue,  
1974

	<u>Amount</u>
Minnesota	\$695.84
Massachusetts	\$766.68

This comparison shows that per capita state and local tax revenue was higher in Massachusetts than in Minnesota. But Minnesota relies more than Massachusetts on revenue from charges for public services and other non-tax sources. If you count both taxes and charges, you find the following:

Per Capita State and  
Local General Revenue  
from Taxes and Other State  
and Local Sources, 1974

	<u>Amount</u>
Minnesota	\$900.71
Massachusetts	\$889.08

This comparison shows Minnesota leading Massachusetts. States vary widely in the extent to which they rely upon non-tax revenue sources.

6. When comparing states, you should compare both amounts per capita and amounts per \$1,000 of personal income.

For example, suppose you are comparing tax levels (including non-tax revenue but excluding federal aid) in Minnesota and New Mexico.

Per Capita State and Local General  
Revenue from Own Sources, 1974

	<u>Amount</u>
Minnesota	\$900.71
New Mexico	\$689.82

This comparison shows that per capita general revenue (excluding federal aid) was substantially higher in Minnesota than in New Mexico. However, you may want to know how this difference relates to incomes in the two states.

State and Local General  
Revenue from Own  
Sources Per \$1,000 of  
Personal Income, 1974

	<u>Amount</u>
Minnesota	\$176.24
New Mexico	\$181.60

This comparison shows New Mexico to be a little higher than Minnesota. Are average tax burdens in the two states about the same or is Minnesota significantly higher? The answer depends on how you choose to compare tax burdens.

7. Remember that information on expenditures includes revenue that originated at the federal level as well as the state and local level.

Suppose you are comparing total general expenditure per \$1,000 of personal income in Minnesota and Mississippi.



State and Local General  
Expenditure Per \$1,000 of  
Personal Income, 1974

	<u>Amount</u>
Minnesota	\$203.82
Mississippi	\$210.30

This comparison shows Mississippi slightly ahead of Minnesota. Does this suggest that taxes (relative to income) are higher in Mississippi than in Minnesota? Not necessarily. Mississippi receives substantially more federal aid per \$1,000 of personal income than does Minnesota. If you compare revenue from state and local sources (excluding federal aid), you find the following:

State and Local General  
Revenue from Own Sources  
Per \$1,000 of Personal  
Income, 1974

	<u>Amount</u>
Minnesota	\$176.24
Mississippi	\$161.88

Definitions

Some of the major categories used by the Census Bureau in reporting state and local governmental finances are defined below. Additional information and the definitions of other terms may be found in reports issued by the Census Bureau.

Expenditure -- All money paid out by a government (net of recoveries and correcting transactions) except money paid out for retirement of debt, investment in securities, extension of credit, or as agency transactions.

General Expenditure -- All expenditure of a government except expenditures associated with the operation of public utilities, liquor stores, and insurance trust funds.

Direct Expenditure -- All expenditure of a government except inter-governmental expenditure.



General Sales and Gross Receipts Taxes -- Sales and gross receipts taxes which apply to all types of goods, or goods and services, or all gross income with only specified exceptions.

Selective Sales and Gross Receipts Taxes -- Sales and gross receipts taxes which apply to only particular commodities, or services, or gross receipts of particular businesses. Examples include taxes on motor fuels, alcoholic beverages, tobacco products, etc.

Property Taxes -- Taxes paid as a condition of property ownership and measured by its value. This category does not include special assessments against property owners.

License Taxes -- Taxes paid as a requirement for exercising a business or nonbusiness privilege. Examples include license taxes imposed on specific types of businesses, corporation franchise taxes, motor vehicle license taxes, motor vehicle operators licenses, hunting and fishing licenses, etc.

Death and Gift Taxes -- Taxes imposed on the transfer of property at death, in contemplation of death, or as a gift.

Severance Taxes -- Taxes imposed on the removal of natural products (eg., timber, oil, gas, coal, etc.) from land or water and measured by the value or quantity removed or sold.

### Census Bureau Reports

Census Bureau reports on state and local governments include (1) a census of governments, (2) annual and quarterly reports, and (3) occasional special studies.

#### Census of Governments

The most comprehensive source of data on state and local governments is the federal census of governments conducted every five years (in years ending in 2 and 7). The census of governments covers four major subjects: (1) governmental organization, (2) taxable property values, (3) public employment, and (4) governmental finances.

Information from the 1972 Census of Governments is available in the following reports:

- Volume 1.      Governmental Organization (1 publication)
- Volume 2.      Taxable Property Values and Assessment-Sales Price Ratios (2 publications)
  - Part 1.          Taxable and Other Property Values
  - Part 2.          Assessment-Sales Price Ratios and Tax Rates
- Volume 3.      Public Employment (3 publications)
  - No. 1            Employment of Major Local Governments
  - No. 2            Compendium of Public Employment
  - No. 3            Management-Labor Relations in State and Local Governments
- Volume 4.      Governmental Finances (5 publications)
  - No. 1            Finances of School Districts
  - No. 2            Finances of Special Districts
  - No. 3            Finances of County Governments
  - No. 4            Finances of Municipalities and Township Governments
  - No. 5            Compendium of Government Finances
- Volume 5.      Local Government in Metropolitan Areas (1 publication)
- Volume 6.      Topical Studies (5 publications)
  - No. 1            Employee-Retirement Systems of State and Local Governments
  - No. 2            State Reports on State and Local Government Finances
  - No. 3            State Payments to Local Governments
  - No. 4            Historical Statistics on Governmental Finances and Employment
  - No. 5            Graphic Summary
- Volume 7.      State Reports (separate publication for each state)
- Volume 8.      Guide to 1972 Census of Governments (1 publication)

#### Annual and Quarterly Reports

As a supplement to census data, the Census Bureau publishes a number of annual and quarterly reports. One of the most useful annual reports is Governmental Finances (Series GF, No. 5). This is the only report that includes information for all levels of government. Annual and quarterly reports include:

#### Annual Reports on Governmental Finances (Series GF)

- No. 1            State Tax Collections
- No. 2            Finances of Employee-Retirement Systems of State and Local Governments

No. 3	State Government Finances
No. 4	City Government Finances
No. 5	Governmental Finances
No. 6	Local Governmental Finances in Selected Metropolitan Areas and Large Counties
No. 7	Chart Book of Governmental Data
No. 8	County Government Finances

#### Annual Reports on Government Employment (Series GE)

No. 1	Public Employment
No. 2	City Employment
No. 3	Local Government Employment in Selected Metropolitan Areas and Large Counties
No. 4	County Government Employment

#### Quarterly Reports

Series GC.	Construction Expenditure of State and Local Governments
Series GR.	Holdings of Selected Public Employee Retirement Systems
Series GT.	Quarterly Summary of State and Local Tax Revenue

For more information about the content of these reports and a list of special studies relating to state and local governments, see U.S. Bureau of the Census, Guide to Recurrent and Special Governmental Statistics, Series SS, No. 62, 1972.