

Glossary: Tax Data Comparison Tool

Overview

The glossary identifies and describes 24 important data elements collected on state corporate income tax forms. It also provides sample impact evaluation question for each data element. If available for policy analysis and planning, these data elements could be used to measure the impact of public investments in workforce and economic development. They could also substitute for data typically requested when a company receives a government investment, reducing program administrative costs, the time that corporate taxpayers spend in responding to burdensome surveys, and taxpayer returns from their investments.

Category	#	Data Element	Description	Sample Program Impact Evaluation Questions
Company Background Information	1	FEIN	A Federal Employer Identification Number (FEIN) is the corporate equivalent of a Social Security Number. This 9 digit code is used to classify and identify a business as a tax payer. Note that FEIN numbers are unique to individual businesses, not to business owners. This is because a single person may own multiple independent businesses.	<ul style="list-style-type: none"> Provides a unique identifier that can be used to tie tax record data to other data sets that include an FEIN reference.
	2	Business Organization Type	The U.S. Internal Revenue Service (IRS) recognizes five basic structures that define how a business is organized, how it operates, and how it handles issues such as taxes and liability. The five business organization types include: Sole Proprietorship, Partnership, Corporation, S Corporation, and Limited Liability Company (LLC).	<ul style="list-style-type: none"> Which types of business organizations are taking advantage of different state tax credit programs? What is the distribution of gross income among the various business organization types? Are there trends in business organization structure related to changes in state tax policies?
	3	NAICS Code	The North American Industry Classification System (NAICS) is the standard used by Federal statistical	<ul style="list-style-type: none"> What industries are taking advantage of different state tax credit programs?

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			agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. Government agencies assign one NAICS code to each establishment based on its primary business activity (generally the activity that generates the most revenue for the establishment). Code assignment is derived from information that establishments provide on government surveys, forms, or administrative records. Note that NAICS codes are assigned to establishments; so, if a business is made up of multiple establishments that carry out different primary activities, a business may claim multiple NAICS codes.	<ul style="list-style-type: none"> • Which industries and sectors are showing increasing incomes and sales in the state? • In which industries is more corporate tax collected: manufacturing, professional services, retail, other?
	4	Business Activity Survey or Questionnaire	A business activity survey or questionnaire is a form that asks a business to answer questions about its operations and the relationship with company representatives operating in the state. The term “representative” for the purpose of the questionnaire will often include employees, agents, independent contractors, brokers, and others acting on the company’s behalf, and any other person residing in this state who directly or indirectly refers potential customers to the company for a commission or other form of consideration by any means, including, but not limited to, linking your business to the person’s internet website, making in-person oral presentations, or engaging in telemarketing.	<ul style="list-style-type: none"> • What operation resources requirements are associated with different business organization types, industries, or sectors?

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General Tax Information	5	Gross Income	Gross income represents all income received that is in the form of money, goods, services, and property, excluding nontaxable income.	<ul style="list-style-type: none"> • What is the relationship between business income levels (profitability) and utilization of state tax credit programs? • Does one go up or down with the other?
	6	State Taxable Income	State taxable income is the amount of a business' income that is subject to state tax. This amount is often referred to as one's adjusted gross income (AGI). AGI represents gross income, less all itemized deductions and exemptions.	<ul style="list-style-type: none"> • What are the differences between the averages for state income received from various industries? • What can these differences reveal about the strengths and weaknesses in the state's services to businesses and workers?
	7	Corporate Tax Owed	Corporate tax owed refers to the amount of tax that must be paid to the state.	<ul style="list-style-type: none"> • What portion of overall state revenue can be attributed to the state's business sector? • How much new corporate tax revenue can be expected from a new company choosing to locate in the state given how much we take in from similar existing companies? • Forecasting how changes to the tax code might impact corporate taxes owed.
	8	Total Property Value, State vs. Everywhere (in Dollars)	The dollar value of a business' real and/or personal property held inside the state vs. everywhere. Note that "real" property is land and anything permanently affixed to land (e.g. commercial buildings), while "personal" property is movable property. Personal property may be "tangible" or "intangible." "Tangible" property has a physical form (e.g. computers and machinery), while "intangible" property is an abstraction (e.g. patents, trademarks, stocks, and bonds).	<ul style="list-style-type: none"> • Which business sectors are deeply invested in the state, and which have a smaller footprint? • Which business sectors are increasing or decreasing investment in the state? • How are larger companies' operations in the state connected to their broader domestic and global operations? • Do businesses with a higher share of property in the state use state programs more and to what end?

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	9	Total Property Value, State vs. Everywhere (as a Percentage)	The percent of a business' real and/or personal property held inside the state vs. everywhere.	See #8 above.
	10	Total Sales, State vs. Everywhere (in Dollars)	The dollar value of a business' sales occurring inside the state vs. everywhere. Sales are the income received when goods or services are sold.	<ul style="list-style-type: none"> • What are the sales outcomes for businesses taking advantage of state programs and services vs. those business that do not participate? • Do state programs create increased value to a business (through increased sales) compared to expected averages? If not, how can programs and policies be improved?
	11	Total Sales, State vs. Everywhere (as a Percentage)	The percent of a business' sales occurring inside the state vs. everywhere.	See #10 above.
	12	Total Wage, State vs. Everywhere (in Dollars)	The amount of a business' overall payroll costs (wages) paid inside the state vs. everywhere. Wages are compensation received by employees for services performed and are usually computed by multiplying an hourly pay rate by the number of hours worked.	<ul style="list-style-type: none"> • Which multinational companies have the greatest percentage of wages paid in-state vs. everywhere? • What can be done to strengthen the state's workforce, based on companies with decreasing total wage values in the state?
	13	Total Wage, State vs. Everywhere (as a Percentage)	The percent of a business' overall payroll costs (wages) paid inside the state vs. everywhere.	See #12 above.
Tax Credit Information	14	Combined Value of All Tax Credits Claimed	A tax credit is a dollar-for-dollar reduction in taxes, which can be deducted directly from taxes owed. The combined value of all tax credits claimed is a	<ul style="list-style-type: none"> • How are trends in tax credit claims impacting the state budget?

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			single value representing the sum of all individual tax credits claimed.	<ul style="list-style-type: none"> Are there recognizable patterns to help with government service planning?
	15	Value of Tax Credits Claimed, by Program (on Income Tax Form)	The value of tax credits claimed, by program (on income tax form) is a specification to report dollar-for-dollar reductions in taxes that are attributable to different state programs separately, but directly on the income tax form.	<ul style="list-style-type: none"> What do the volume and trends in the use of tax credits tell us about the value of the program to businesses? What types of businesses use some programs over other types of tax credits?
	16	Value of Tax Credits Claimed, by Program (on an Attached Schedule)	The value of tax credits claimed, by program (on an attached schedule is a specification to report dollar-for-dollar reductions in taxes that are attributable to different state programs separately, but on a supplemental form.	See #15 above.
	17	Value of Tax Credits Sold	The value of tax credits sold away by one business to another. Note that many state programs allow businesses to sell and/or purchase state tax credits. Businesses may "sell" a tax credit to generate income when it has insufficient tax liability to fully use a credit. Businesses may "buy" tax credits below face value to apply against their own state tax liability, which can create savings. "Tax liability" means the amount of state tax owed. "Face value" means the authorized dollar value of the tax credit.	<ul style="list-style-type: none"> How much of the tax credits the state awards are left "on the table" by businesses that do not have enough liability to take the credit? If great, should programs be restructured to better meet the needs of such businesses?
	18	Discount Rate Applied to Tax Credits Sold	The percentage below the authorized dollar value of the tax credit that the credit was sold for.	<ul style="list-style-type: none"> What type of market is operating for the sale and use of specific state credits? Does the prevailing discount rate have a positive or negative effect on the program operations? Are any companies being taken advantage of in the tax credit exchange; should the

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				state require a “must not exceed” percentage for discounting a credit?
	19	Sales Price for Tax Credits Sold	The sale price of a tax credit between one business and another.	See #18 above.
Reported Economic Impact Information	20	Number of New Jobs, Attributable to Program	The number of new jobs that are attributable to a tax credit program. Note that many state programs require companies to meet new job creation quotas in order to claim the tax credit.	<ul style="list-style-type: none"> • Did the business meet its obligations under the program requirements? • What is the profile of companies that greatly exceed expectations?
	21	Average Hourly Wage of New Jobs, Attributable to Program	The average hourly wage of the combined new jobs, attributable to a tax credit program.	<ul style="list-style-type: none"> • Did the business meet its obligations under the program for creating "good jobs" in the state? • What is the profile of companies that greatly exceed expectations?
	22	Gross Wages for New Jobs, Attributable to Program	The total wage bill (overall payroll) paid by a business, before taxes, on the jobs attributable to a tax credit program.	See #21 above.
	23	Job Titles for New Jobs, Attributable to Program	The actual job titles used to describe new jobs, attributable to a tax credit program.	<ul style="list-style-type: none"> • What types of jobs were actually created by a business using a program? • Knowing this, how can economic and workforce training programs and policies be adjusted to better meet the needs of businesses?
	24	Counties Where New Jobs Were Created, Attributable to Program	The primary work location for new jobs, attributable to a tax credit program.	<ul style="list-style-type: none"> • Where did the program have the greatest impact in terms of workforce? • Are the appropriate assets in place to allow the state and region to provide an available and skilled workforce to support the company’s continued growth?

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