Economic Stimulus at the Expense of Routine-Task Jobs

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June 21, 2019

Motivation

Much of the investment tax policy emphasizes job creation:

> *Our bill aimed to help small businesses invest, grow, and create jobs by providing needed tax relief and certainty. ... In light of the positive effects these provisions would have on small businesses, on jobs, and on our economy, I urge my colleagues to support the tax relief package.*
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Effect of such policies on labor outcomes is not well explored.

Ohrn (2016); Gaggl and Wright (2016); Zwick and Mahon (2017).

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Routine-task labor: Workers performing procedural and rule-based tasks.

- Tax preparers $\rightarrow$ Tax preparation software
- Automobile assemblers $\rightarrow$ Robotic arms
- Middle-skill

Literature: Routine-task jobs decline while other jobs thrive.

Autor, Levy, and Murnane (2003); Autor, Katz, and Kearney (2006); Goos and Manning (2007); Autor and Dorn (2013); Jaimovich and Siu (2014); Hershbein and Kahn (2018); Zhang (2018); Ma, Ouimet and Simintzi (2018); He and Maire (2018); Lagaras (2018); etc.

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This paper: Did pro-growth tax policy on investment accelerate the divergence between routine-task jobs and other jobs?

This paper

We study the effect of Section 179, a major tax incentive for investment in equipment and software.

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- Explore variations in state adoption of the incentive (treatment vs control)
- Identify firms that are eligible for this incentive (use ineligible firms for placebo tests)
- Examine firms' equipment/technology investment (to convey the investment channel)
- Study the effects on employment, routine, skilled, and non-routine unskilled jobs separately

Preview of results

When states expand incentive for equipment investment, eligible firms:

- purchase more equipment/computers,
- make little change in total employment,
- increase skilled employees quickly,
- reduce routine-task employees with a delay.

How does Section 179 work? — An example

A firm is considering a $250,000 investment in computers:

Year	0	1	2	3	4	5	Total
State without Section 179							
Deductions (000s)	50	80	48	28.8	28.8	14.5	250
State tax benefit ($\tau = 6.08\%$)	3.1	4.9	2.9	1.8	1.8	0.9	15.2
PV of tax benefit ($r = 10\%$)	12.95						
State with Section 179							
Deductions (000s)	250	0	0	0	0	0	250
State tax benefit ($\tau = 6.08\%$)	15.2	0	0	0	0	0	15.2
PV of tax benefit ($r = 10\%$)	15.2						

Differences in PV of tax benefits $= \$2,272$

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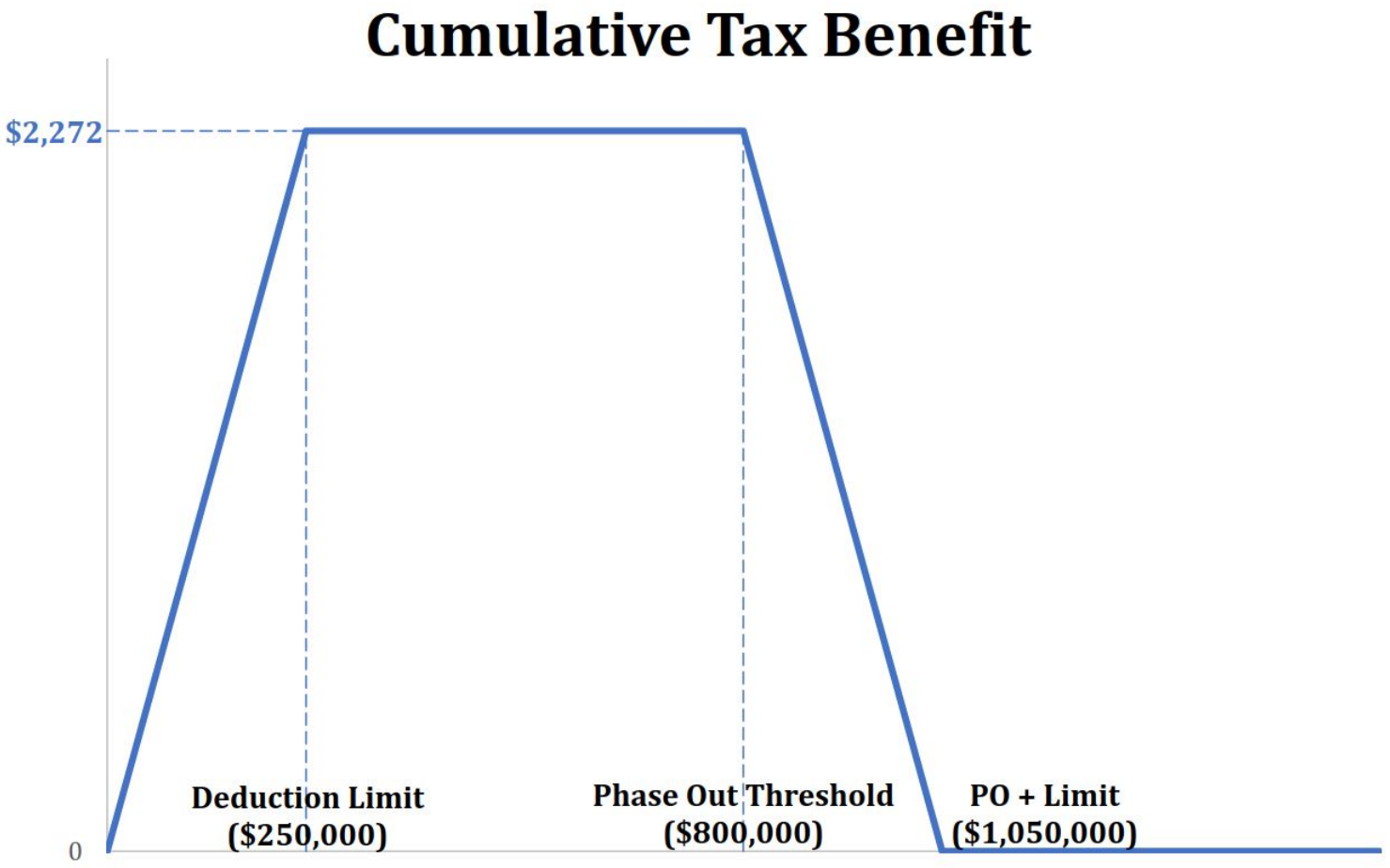
Potential amplification channels:

- Financial constraints: Differences in first year funding need = $12,160
- Fixed adjustment costs: Investment may rise sharply when policy induces a firm across its adjustment threshold
- Simplify book-keeping for federal and state taxes: 32.3% firms do not claim federal Section 179 (IRS)

Who benefits from Section 179?

Section 179 targets small businesses by introducing:

Deduction Limits and **Phase-out Thresholds**



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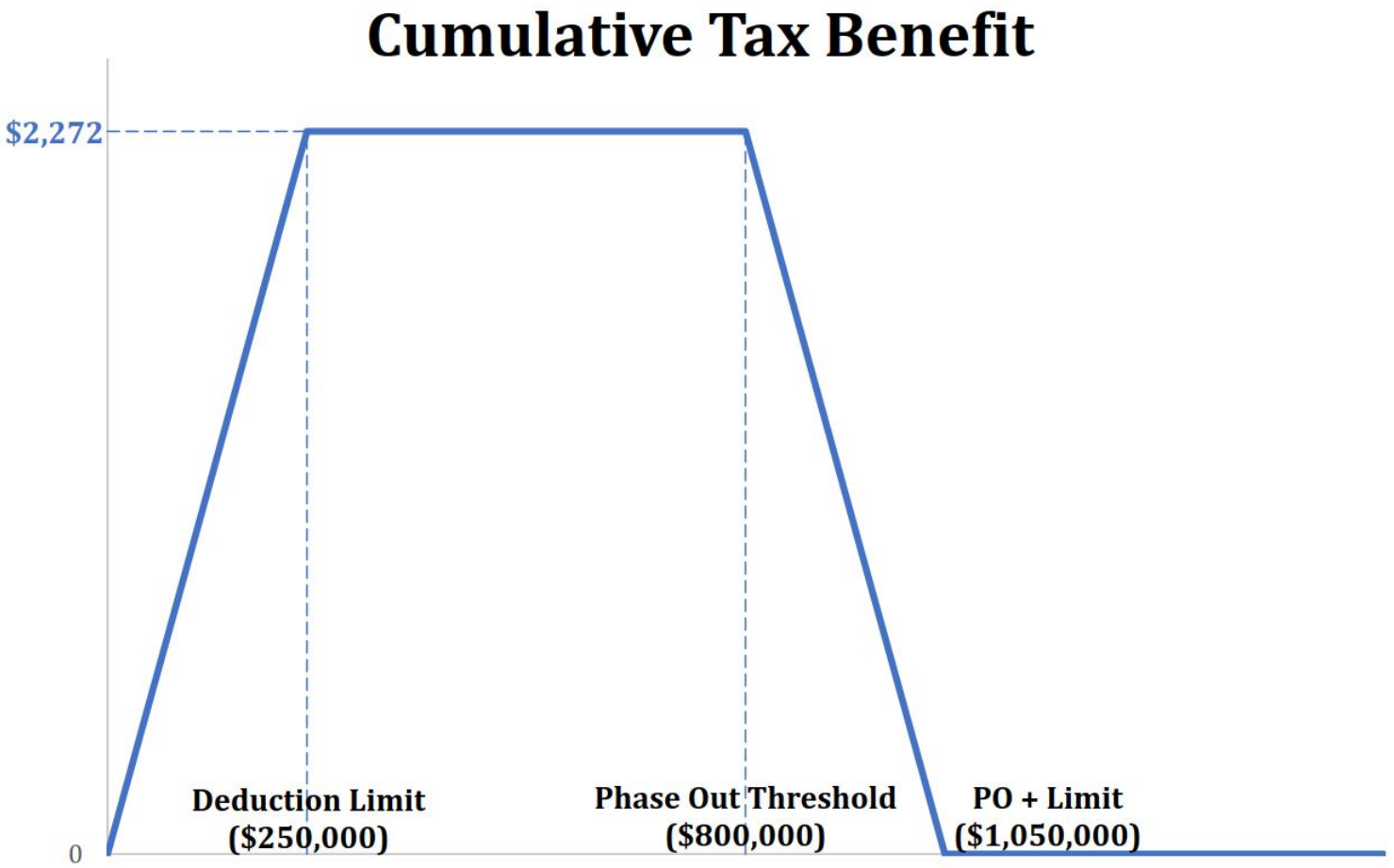
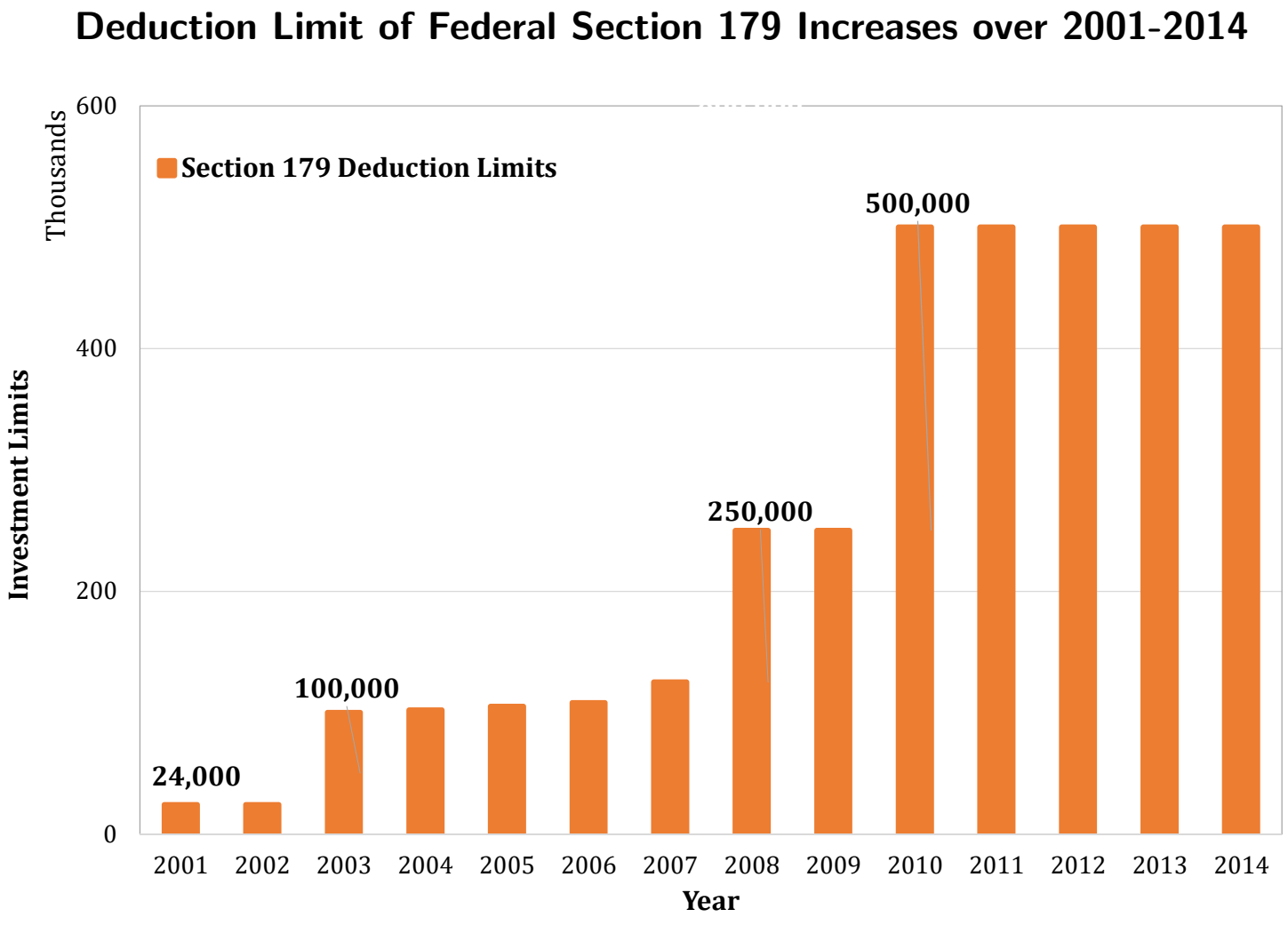


(Eligible Firms) (Ineligible Firms)

Changes in federal Section 179 deduction limits

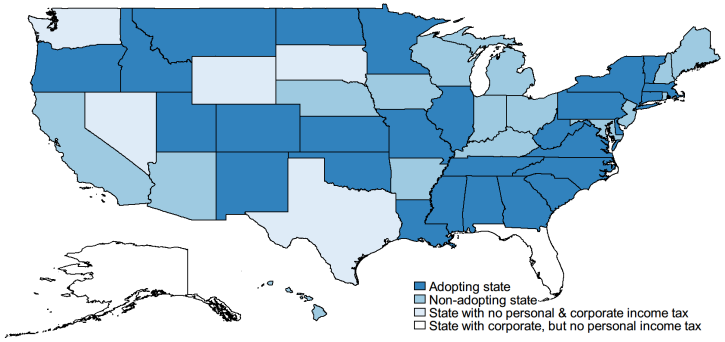


- Firms in adopting states also deduct equipment investment from state taxes

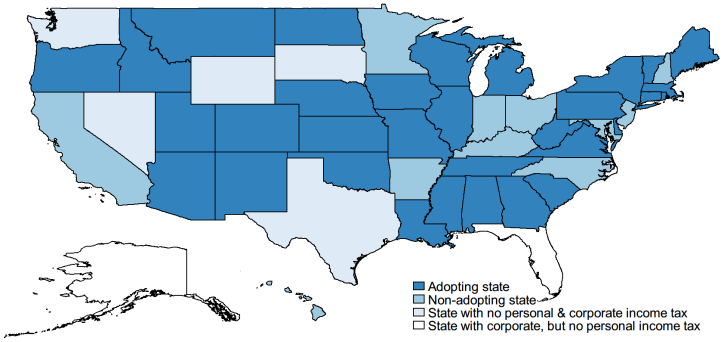
State Section 179 limits

State adoption of Section 179 is quite stable

State adoption in 2003



State adoption in 2014



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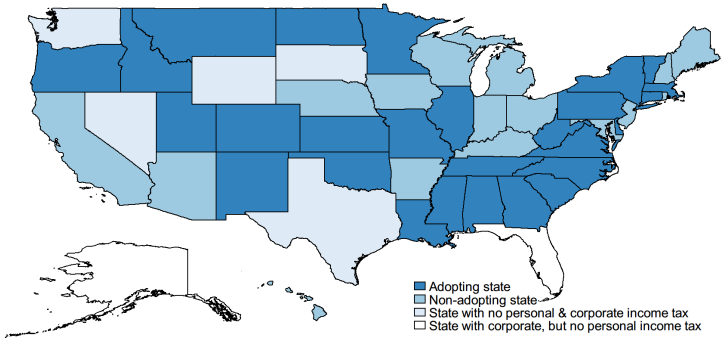

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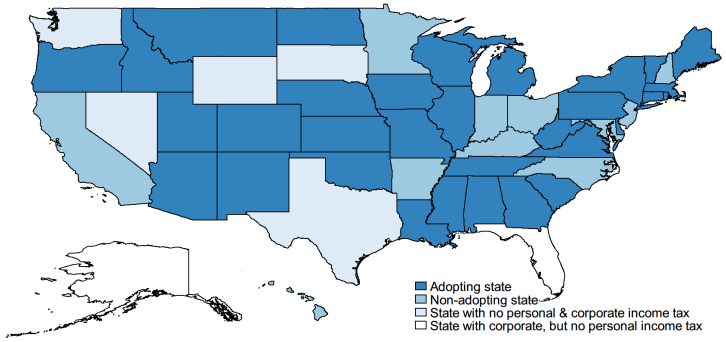

- **Key Variable:** Changes in state Section 179 deduction limits
- **Cross-sectional variation:** (mainly) states' adoption decisions in 2003
- **Time-series variation:** (mainly) changes in federal deduction limits

No Correlation with Changes in Other Characteristics of the States

A simple model

The firm uses four factors of production: L_S, L_R, L_{NU}, K

$$Y = L_S^{\alpha}\left(L_R^{\mu} + K^{\mu}\right)^{\frac{\beta}{\mu}} + mL_{NU}^{\alpha+\beta},$$

- K substitutes for L_R
- K complements L_S
- K does not interact with L_{NU}
- Section 179 incentive: Reduce the effective price of K
- Predictions: K goes up, L_S goes up, L_R goes down, L_{NU} is not affected

Data

- Computer investment of establishments:
  Computer Intelligence Technology Database (CiTDB)
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- Characteristics of occupations:
  Dictionary of Occupational Titles (DOT) & O*Net
- Hand-collected data on State 179 limits from CCH state tax handbook, supplemented by state websites, ...

Characterizing heterogeneous occupations

Routine-Task Occupations are defined based on Zhang (2018):

1. Each occupation's intensity in three dimensions of tasks:

$$T_o = [T_o^{Routine}, T_o^{Abstract}, T_o^{Manual}]$$

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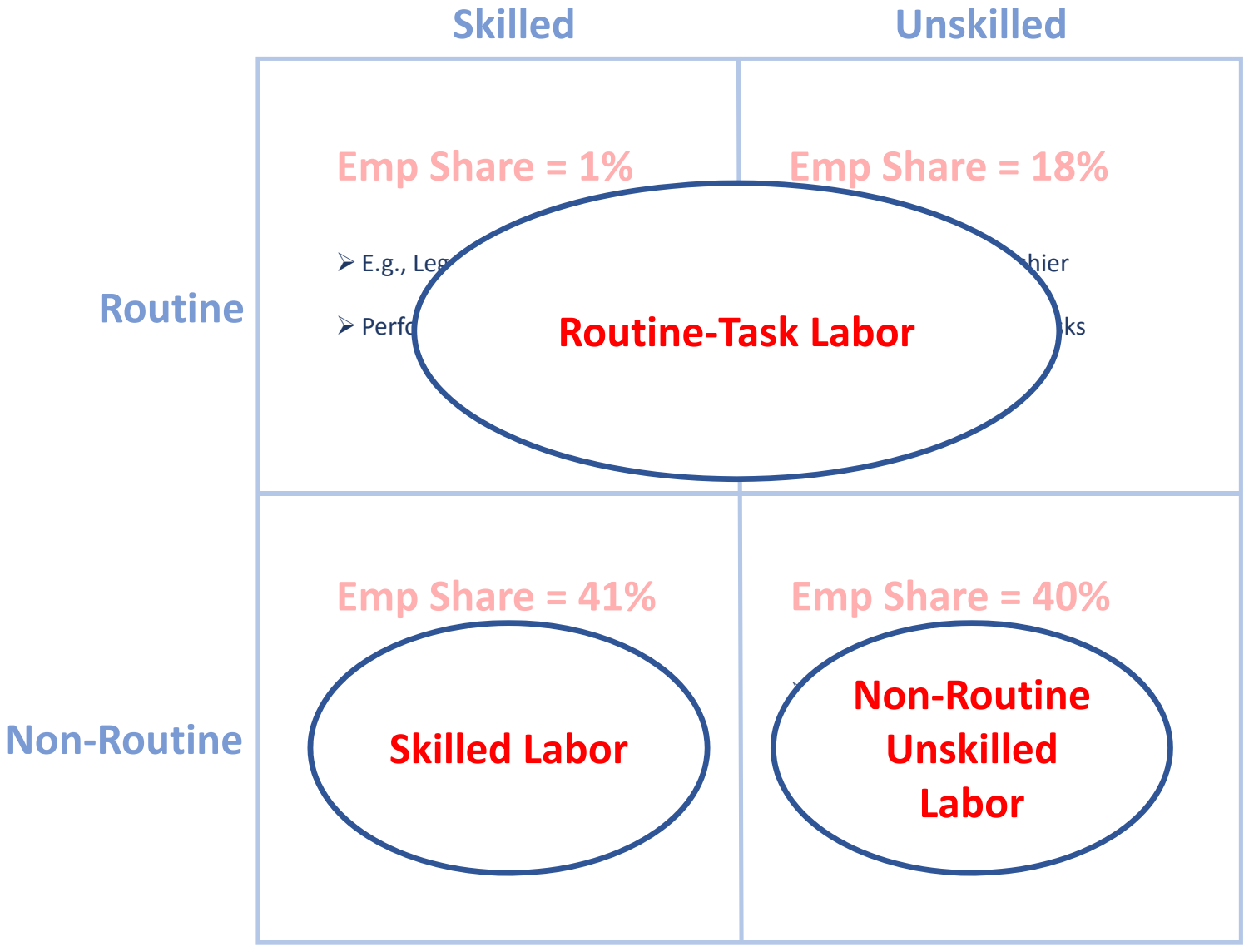
Skilled Occupations are occupations requiring:

- A college degree (e.g., chemist), or
- 2-Years of related work experience (e.g., electrician)

Classification of occupations

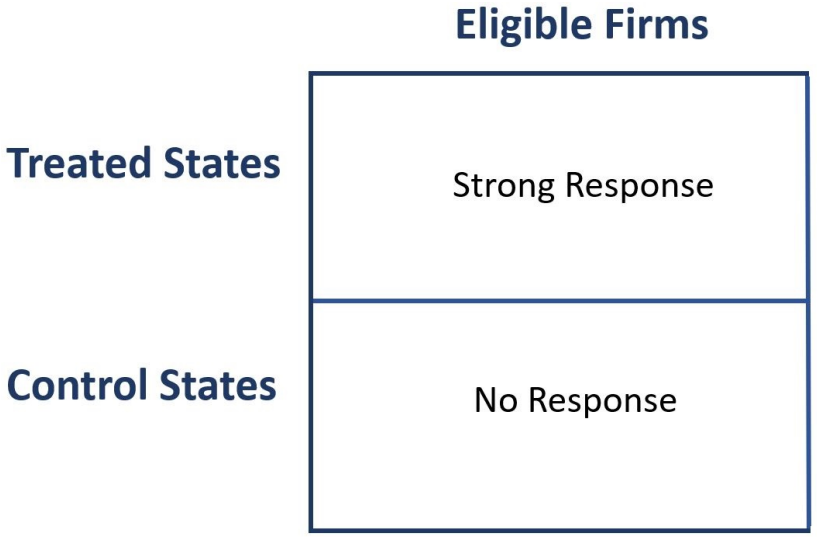
	Skilled	Unskilled
Routine	**Emp Share = 1%** ➢ E.g., Legal Secretary; Cook ➢ Performing Routine-Tasks	**Emp Share = 18%** ➢ E.g., Assembler; Cashier ➢ Performing Routine-Tasks
Non-Routine	**Emp Share = 41%** ➢ E.g., Manager; Engineer ➢ Performing Abstract Tasks	**Emp Share = 40%** ➢ E.g., Driver; Janitor ➢ Performing Manual-Tasks

Classification of occupations



Empirical design

Natural Experiments + First-Difference + Matching Estimation:



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Treated States	Strong Response	No Response
Control States	No Response	No Response

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$$\Delta Y_{f,s,t} = b_1 \Delta Limit_{s,t} + b_2 Eligible_{f,t} + b_3 \Delta Limit_{s,t} \times Eligible_{f,t} + b_4 \Delta X_{s,t} + b_5 \Delta Y_{f,s,t-1} + FE_{EmpBin \times Ind \times Year} + \epsilon_{f,s,t+1}$$

$$b_3 > 0$$

- $FE_{EmpBin \times Ind \times Year}$: matching establishments based on a full interaction of 8 employment bins: (1, 4), (5, 9), (10, 14), (15, 24), (25, 49), (50, 99), (100, 199), and above 200, NAICS 4-digit, and year.

Result 1: Technology Investment

	Computer Investments (1)	Δ IT Intensity (2)
$\Delta\text{Limit}_t \times \text{Eligible}_t$	6.70^{**}	13.72^{***}
	(2.88)	(4.09)
$\Delta\text{Limit179}_t$	0.50	−5.80
	(3.52)	(3.63)
Observations	353,912	342,420
Adjusted R^2	0.21	0.21

Additional Results: Purchase and Lease of Various Types of Capital

Result 2a: Total employment

ΔEmp [t, t+3]

	(1)	(2)	(3)	(4)
$\Delta\text{Limit}_t \times \text{Eligible}_t$	−1.57			−5.67
	(3.15)			(3.62)
$\Delta\text{Limit}_{t+1} \times \text{Eligible}_{t+1}$		1.35		−5.32
		(4.00)		(4.41)
$\Delta\text{Limit}_{t+2} \times \text{Eligible}_{t+2}$			3.64	4.00
			(3.98)	(3.85)
ΔLimit_t	2.66			5.63*
	(3.16)			(3.11)
ΔLimit_{t+1}		−0.07		5.90
		(4.48)		(4.72)
ΔLimit_{t+2}			−2.14	−2.91
			(3.14)	(3.03)
Observations	329,943	329,943	329,943	329,943
Adjusted R^2	0.08	0.09	0.10	0.11

Result 2b: Routine-task employment

ΔEmp^R [t, t+3]

	(1)	(2)	(3)	(4)
$\Delta\text{Limit}_t \times \text{Eligible}_t$	-21.16^{***}			-24.38^{***}
	(7.33)			(8.30)
$\Delta\text{Limit}_{t+1} \times \text{Eligible}_{t+1}$		−2.75		−9.43
		(9.58)		(10.48)
$\Delta\text{Limit}_{t+2} \times \text{Eligible}_{t+2}$			−3.61	0.56
			(9.94)	(10.45)
ΔLimit_t	4.21			5.83
	(9.11)			(9.49)
ΔLimit_{t+1}		−4.22		0.03
		(8.92)		(9.23)
ΔLimit_{t+2}			−3.15	−4.10
			(7.49)	(8.20)
Observations	269,784	269,784	269,784	269,784
Adjusted R^2	0.23	0.23	0.23	0.23

Result 2c: Skilled employment

ΔEmp^S [t, t+3]

	(1)	(2)	(3)	(4)
ΔLimit$_t$ × Eligible$_t$	12.99**			8.54
	(6.07)			(6.57)
ΔLimit$_{t+1}$ × Eligible$_{t+1}$		18.16***		13.45*
		(6.47)		(6.75)
ΔLimit$_{t+2}$ × Eligible$_{t+2}$			15.99**	13.84*
			(7.31)	(7.28)
ΔLimit$_t$	−4.59			−1.34
	(6.80)			(7.07)
ΔLimit$_{t+1}$		−11.55*		−6.30
		(6.41)		(6.50)
ΔLimit$_{t+2}$			−7.23	−6.94
			(6.42)	(6.85)
Observations	302,873	302,873	302,873	302,873
Adjusted R^2	0.20	0.20	0.20	0.20

Result 2d: Nonroutine-task unskilled employment

ΔEmp^{NU} [t, t+3]

	(1)	(2)	(3)	(4)
$\Delta\text{Limit}_t \times \text{Eligible}_t$	−1.83			−4.81
	(6.31)			(5.68)
$\Delta\text{Limit}_{t+1} \times \text{Eligible}_{t+1}$		−2.61		−8.35
		(6.75)		(6.90)
$\Delta\text{Limit}_{t+2} \times \text{Eligible}_{t+2}$			3.15	3.35
			(8.30)	(7.99)
ΔLimit_t	11.21*			13.07**
	(5.63)			(5.36)
ΔLimit_{t+1}		8.74		14.60**
		(6.04)		(6.12)
ΔLimit_{t+2}			1.57	−1.20
			(8.63)	(8.09)
Observations	304,617	304,617	304,617	304,617
Adjusted R^2	0.20	0.20	0.20	0.20

Result 3: Wage bills

Wage Bill (WB) = Emp × Wage Rate

	$\Delta WB^{Tot}_{t,t+3}$	$\Delta WB^{R}_{t,t+3}$	$\Delta WB^{S}_{t,t+3}$	$\Delta WB^{NU}_{t,t+3}$
	(1)	(2)	(3)	(4)
$\Delta Limit_t \times Eligible_t$	-7.83^{**}	-25.47^{***}	4.17	-6.18
	(3.68)	(8.38)	(6.37)	(6.02)
$\Delta Limit_{t+1} \times Eligible_{t+1}$	-1.96	-5.95	9.89	-6.71
	(4.98)	(10.89)	(6.62)	(7.55)
$\Delta Limit_{t+2} \times Eligible_{t+2}$	9.40^{**}	3.05	18.55^{***}	7.91
	(3.68)	(9.73)	(6.35)	(7.93)
$\Delta Limit_t$	9.20^{**}	5.66	3.52	15.24^{**}
	(3.67)	(9.57)	(6.67)	(5.76)
$\Delta Limit_{t+1}$	2.98	-5.40	-2.44	13.27^{*}
	(4.89)	(9.45)	(6.56)	(6.62)
$\Delta Limit_{t+2}$	-7.66^{**}	-6.59	-11.31^{*}	-5.54
	(2.94)	(7.79)	(5.98)	(8.23)
Observations	329,943	269,784	302,873	304,617
Adjusted R^2	0.11	0.23	0.19	0.20

Additional robustness checks

- Examining different types of capital investment. link
- Examining sensitivity to state individual income tax rate. link
- Examining sensitivity to state corporate income tax rate. link
- Examining alternative definitions of routine-task labor. link
- Controlling for state fixed effects. link

Conclusion

Investment tax incentives yield heterogeneous labor outcomes

- Increase skilled labor, but reduce routine-task labor
- Increase happens sooner, whereas reduction happens later

Fresh micro-evidence supporting both routine-biased/ skill-biased tech. changes

Changes in state Section 179 limits

	Changes in State Section 179 Limit ($thousands)				
Lagged Changes in...	(1)	(2)	(3)	(4)	(5)
Δ State Hiring Credits	−2.57				−1.33
	(5.31)				(5.35)
Δ State Bonus Adoption	13.10***				12.54***
	(3.43)				(3.34)
Δ State Budget Surplus		1.76			1.55
		(1.29)			(1.32)
Δ State GSP		1.02			1.10
		(0.82)			(0.83)
Δ State Credit Score		−3.37			−3.38
		(5.26)			(5.48)
Δ State Unemployment			2.50		1.99
			(7.44)		(7.18)
Δ State RShare			3.50		4.07
			(2.78)		(2.64)
Δ State Pers. Inc. Tax Rate				−7.72	−7.56
				(7.81)	(7.72)
Δ State Corp. Inc. Tax Rate				6.29	5.81
				(4.89)	(4.76)
Δ State Democratic Dummy				1.80	2.52
				(3.58)	(3.51)
Observations	624	624	624	624	624
Adjusted R^2	0.28	0.28	0.28	0.28	0.28

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Robustness: Changes in wage bills

	Δ Wage$^{R}_{t,t+3}$		Δ Wage$^{NR}_{t,t+3}$		Δ RShare$^{Wage}_{t,t+3}$		Δ Wage$_{t,t+3}$	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ΔLimit$_t$	−20.35***	3.25	8.27***	5.59	−2.47***	−1.00	2.12	1.44
	(6.69)	(10.43)	(2.76)	(5.07)	(0.88)	(1.24)	(2.17)	(4.84)
Eligible$_t$		−0.02		−3.14***		−0.06		−5.76***
		(1.00)		(1.01)		(0.14)		(0.97)
ΔLimit$_t$ × Eligible$_t$		**− 28.87****		**3.00**		**−1.72**		**0.67**
		(**11.31**)		(**5.92**)		(**1.52**)		(**5.40**)
ΔLimit$_{t+1}$	−14.20**	8.07	7.73***	12.78***	−2.70***	−0.63	3.25*	11.65***
	(6.22)	(7.83)	(2.17)	(4.37)	(0.88)	(1.33)	(1.90)	(3.54)
Eligible$_{t+1}$		8.98***		13.68***		0.12		15.77***
		(1.42)		(0.85)		(0.19)		(0.66)
ΔLimit$_{t+1}$ × Eligible$_{t+1}$		**−25.97*****		**−5.75**		**−2.36***		**−9.58****
		(**7.99**)		(**4.72**)		(**1.33**)		(**3.82**)
ΔLimit$_{t+2}$	1.00	−1.29	3.44	−1.63	−0.22	1.57	2.69	1.49
	(6.85)	(8.33)	(2.29)	(5.32)	(0.75)	(1.20)	(2.59)	(4.83)
Eligible$_{t+1}$		−22.28***		−29.21***		−0.01		−30.09***
		(1.14)		(0.85)		(0.21)		(0.90)
ΔLimit$_{t+2}$ × Eligible$_{t+2}$		**2.45**		**5.82**		**−2.05**		**1.39**
		(**10.58**)		(**5.83**)		(**1.50**)		(**4.69**)
Observations	329,300	329,300	398,048	398,048	399,732	399,732	399,732	399,732
Adjusted R^2	0.22	0.22	0.11	0.12	0.18	0.18	0.09	0.10

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Robustness: Controlling for state fixed effects

Panel A: Investment Regressions				
	Computer Investments		Δ IT Intensity	
ΔLimit_t	4.18	−0.97	3.01	−6.68*
	(2.54)	(3.37)	(2.94)	(3.76)
Eligible_t		−0.49		−0.79**
		(0.38)		(0.34)
$\Delta\text{Limit}_t \times \text{Eligible}_t$		**7.26****		**13.71*****
		(**2.88**)		(**4.21**)

Panel B: Employment Regressions								
	$\Delta\ \text{Emp}^R_{t,t+3}$		$\Delta\ \text{Emp}^{NR}_{t,t+3}$		$\Delta\ \text{RShare}_{t,t+3}$		$\Delta\ \text{Emp}_{t,t+3}$	
ΔLimit_t	−12.02*	10.88	6.04	4.46	−1.40	0.04	1.18	−0.57
	(6.36)	(9.36)	(3.73)	(6.67)	(1.11)	(1.77)	(2.73)	(4.74)
Eligible_t		−0.64		−1.05		−0.19		−2.93***
		(1.13)		(0.78)		(0.20)		(0.65)
$\Delta\text{Limit}_t \times \text{Eligible}_t$		**−27.39****		**1.78**		**−1.63**		**2.17**
		(**10.73**)		(**6.36**)		(**1.99**)		(**4.95**)
ΔLimit_{t+1}	−8.58	12.58	5.30	8.85*	−1.78	0.40	1.59	8.61**
	(8.90)	(10.87)	(3.87)	(4.80)	(1.28)	(1.73)	(2.67)	(3.51)
Eligible_{t+1}		10.95***		17.93***		0.22		22.47***
		(1.34)		(1.18)		(0.21)		(1.04)
$\Delta\text{Limit}_{t+1} \times \text{Eligible}_{t+1}$		**−24.06*****		**−3.94**		**−2.41**		**−7.68**
		(**8.64**)		(**4.61**)		(**1.57**)		(**6.74**)
ΔLimit_{t+2}	1.96	0.12	1.47	−3.15	0.40	2.02	1.23	0.94
	(7.99)	(9.86)	(2.73)	(5.37)	(1.04)	(1.53)	(2.27)	(4.45)
Eligible_{t+2}		−19.21***		−24.90***		0.18		−24.08***
		(1.24)		(0.65)		(0.23)		(0.78)
$\Delta\text{Limit}_{t+2} \times \text{Eligible}_{t+2}$		**2.25**		**5.24**		**−1.80**		**0.49**
		(**10.86**)		(**6.07**)		(**1.85**)		(**4.39**)

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Robustness: Conditional on state income tax rate

	Panel A: Investment Regressions			
	Computer Investments		Δ IT Intensity	
$\Delta\text{Limit}_t \times \tau_t^i$	0.88**	0.09	0.53	−0.90*
	(0.41)	(0.61)	(0.44)	(0.46)
Eligible_t		−0.48		−0.75**
		(0.38)		(0.34)
$\Delta\text{Limit}_t \times \tau_t^i \times \text{Eligible}_t$		**1.11****		**2.02*****
		(**0.48**)		(**0.63**)

	Panel B: Employment Regressions							
	Δ $\text{Emp}^R_{t,t+3}$		Δ $\text{Emp}^{NR}_{t,t+3}$		Δ $\text{RShare}_{t,t+3}$		Δ $\text{Emp}_{t,t+3}$	
$\Delta\text{Limit}_t \times \tau_t^i$	−2.29**	0.30	1.39***	0.34	−0.31	−0.04	0.39	−0.32
	(1.13)	(1.17)	(0.43)	(0.85)	(0.19)	(0.21)	(0.27)	(0.72)
Eligible_t		−0.67		−3.70***		−0.10		−7.68***
		(1.04)		(0.98)		(0.17)		(0.93)
$\Delta\text{Limit}_t \times \tau_t^i \times \text{Eligible}_t$		**−3.25****		**1.22**		**−0.33**		**0.80**
		(**1.53**)		(**0.84**)		(**0.29**)		(**0.73**)
$\Delta\text{Limit}_{t+1} \times \tau_{t+1}^i$	−1.55	1.40	0.78**	1.34*	−0.34*	−0.12	0.19	1.15**
	(1.08)	(1.41)	(0.38)	(0.69)	(0.17)	(0.26)	(0.31)	(0.47)
Eligible_{t+1}		9.57***		14.99***		0.04		17.84***
		(1.40)		(0.88)		(0.21)		(0.68)
$\Delta\text{Limit}_{t+1} \times \tau_{t+1}^i \times \text{Eligible}_{t+1}$		**−3.44*****		**−0.65**		**−0.25**		**−1.10****
		(**1.23**)		(**0.69**)		(**0.21**)		(**0.50**)
$\Delta\text{Limit}_{t+2} \times \tau_{t+2}^i$	0.14	0.99	0.26	0.57	−0.03	0.27	0.14	1.03*
	(0.92)	(1.15)	(0.29)	(0.71)	(0.13)	(0.23)	(0.31)	(0.57)
Eligible_{t+2}		−22.12***		−30.64***		0.05		−31.75***
		(1.08)		(0.83)		(0.23)		(0.90)
$\Delta\text{Limit}_{t+2} \times \tau_{t+2}^i \times \text{Eligible}_{t+2}$		**−0.98**		**−0.32**		**−0.34**		**−0.97***
		(**1.35**)		(**0.76**)		(**0.27**)		(**0.53**)

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Robustness: Conditional on state corporate tax rate

Panel A: Investment Regressions				
	Computer Investments		Δ IT Intensity	
$\Delta\text{Limit}_t \times \tau^c_t$	0.51*	−0.10	0.19	−1.11**
	(0.29)	(0.39)	(0.32)	(0.42)
Eligible_t		−0.48		−0.76**
		(0.38)		(0.34)
$\Delta\text{Limit}_t \times \tau^c_t \times \text{Eligible}_t$		**0.87****		**1.85*****
		(**0.40**)		(**0.50**)

Panel B: Employment Regressions								
	Δ $\text{Emp}^R_{t,t+3}$		Δ $\text{Emp}^{NR}_{t,t+3}$		Δ $\text{RShare}_{t,t+3}$		Δ $\text{Emp}_{t,t+3}$	
$\Delta\text{Limit}_t \times \tau^c_t$	−2.05**	1.50	0.69*	0.18	−0.24*	0.05	−0.08	−0.18
	(0.78)	(1.27)	(0.35)	(0.72)	(0.13)	(0.18)	(0.24)	(0.66)
Eligible_t		−0.43		−3.65***		−0.09		−7.61***
		(1.01)		(0.97)		(0.17)		(0.92)
$\Delta\text{Limit}_t \times \tau^c_t \times \text{Eligible}_t$		**−4.32*****		**0.58**		**−0.34**		**0.09**
		(**1.39**)		(**0.84**)		(**0.22**)		(**0.77**)
$\Delta\text{Limit}_{t+1} \times \tau^c_{t+1}$	−1.28*	1.60	0.82***	1.20**	−0.29**	−0.12	0.26	1.00**
	(0.72)	(1.06)	(0.30)	(0.58)	(0.12)	(0.20)	(0.21)	(0.42)
Eligible_{t+1}		9.65***		14.97***		0.04		17.82***
		(1.41)		(0.87)		(0.21)		(0.68)
$\Delta\text{Limit}_{t+1} \times \tau^c_{t+1} \times \text{Eligible}_{t+1}$		**−3.37*****		**−0.43**		**−0.20**		**−0.85***
		(**1.17**)		(**0.61**)		(**0.23**)		(**0.42**)
$\Delta\text{Limit}_{t+2} \times \tau^c_{t+2}$	0.38	0.79	0.49*	0.08	−0.01	0.32	0.40	0.57
	(0.72)	(1.07)	(0.27)	(0.58)	(0.11)	(0.19)	(0.28)	(0.50)
Eligible_{t+2}		−22.19***		−30.76***		0.07		−31.85***
		(1.12)		(0.83)		(0.24)		(0.90)
$\Delta\text{Limit}_{t+2} \times \tau^c_{t+2} \times \text{Eligible}_{t+2}$		**−0.50**		**0.47**		**−0.37**		**−0.19**
		(**1.23**)		(**0.67**)		(**0.24**)		(**0.48**)

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Robustness: Small business investment and changes in state Section 179 limit — Extensive Margin

NFIB Data: whether a small business purchased or leased equipment, furniture, building improve., land, vehicles.

Regression specification:

$$Inv.Dummy_{f,s,t} = b_1 \Delta Limit_{s,t} + b_2 \Delta X_{s,t} + FE_{EmpBin \times Ind \times Year \times PassThrough} + \epsilon_{f,s,t}$$

	Equipment		Furniture		Building Imp.		Land		Vehicle	
	Purch	Lease	Purch	Lease	Purch	Lease	Purch	Lease	Purch	Lease
ΔLimit$_t$	9.36***	−1.15	−0.10	−0.15	4.30	−0.37	2.07	0.33	5.05	−0.40
	(3.19)	(1.07)	(2.08)	(0.30)	(2.83)	(0.37)	(1.52)	(0.59)	(3.17)	(0.96)
Observations	90,529	90,529	90,529	90,529	90,529	90,529	90,529	90,529	90,529	90,529
Adjusted R^2	0.07	0.01	0.04	0.01	0.03	0.00	0.03	0.01	0.10	0.03

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Robustness: Small business investment and changes in state Section 179 limit — Extensive Margin

NFIB Data: whether a small business purchased or leased equipment, furniture, building improve., land, vehicles.

Regression specification:

$$Inv.Dummy_{f,s,t} = b_1 \Delta Limit_{s,t} + b_2 \Delta X_{s,t} + FE_{EmpBin \times Ind \times Year \times PassThrough} + \epsilon_{f,s,t}$$

	Equipment		Furniture		Building Imp.		Land		Vehicle	
	Purch	Lease	Purch	Lease	Purch	Lease	Purch	Lease	Purch	Lease
ΔLimit$_t$	9.36***	−1.15	−0.10	−0.15	4.30	−0.37	2.07	0.33	5.05	−0.40
	(3.19)	(1.07)	(2.08)	(0.30)	(2.83)	(0.37)	(1.52)	(0.59)	(3.17)	(0.96)
Observations	90,529	90,529	90,529	90,529	90,529	90,529	90,529	90,529	90,529	90,529
Adjusted R^2	0.07	0.01	0.04	0.01	0.03	0.00	0.03	0.01	0.10	0.03

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