

# Who Bears the Burden of Local Taxes?

## Abstract:

We study the incidence of local taxes on the welfare of heterogeneous residents.

A structural model of imperfectly mobile households who differ in terms of income and family status allows us to back out type-specific preferences for local public goods.

We calibrate the model with plausibly causal tax-base and housing-price elasticity estimates.

Based on municipality-level data for Switzerland, we find that households with children perceive locally provided public services as a normal good, whereas households without children perceive them as an inferior good.

This in turn implies that the burden of local taxes is mainly borne -- linearity of taxes and capitalization into lower housing prices notwithstanding -- by top-25\% income households without children.

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