

Online Appendix

Table A1: Descriptive Statistics of County Fiscal Revenue Extraction by Province

	All tax 1 (1999-2006)				All tax 2 (2000-2006)			
	Per Capita		As % of GDP		Per Capita		As % of GDP	
	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.
TIBET	190.62	196.82	4.46	4.33	190.62	196.82	4.46	4.33
SICHUAN	341.45	443.10	4.81	2.85	365.93	484.50	5.10	2.94
HEBEI	490.62	590.80	5.36	5.35	533.10	635.62	5.78	5.51
FUJIAN	970.30	1346.72	5.89	4.05	1020.41	1402.71	6.22	4.17
HAINAN	422.12	360.36	6.27	5.21	432.33	361.52	6.44	5.22
GUANGDONG	998.13	3148.52	6.48	4.90	1029.58	3474.02	6.58	4.94
SHANDONG	846.59	980.21	6.42	4.08	881.22	1032.14	6.65	4.10
JILIN	390.69	303.05	6.50	5.96	406.91	322.61	6.69	6.01
GANSU	365.44	609.00	6.39	4.59	382.24	634.52	6.70	4.69
HUNAN	580.57	1465.98	6.77	6.79	596.83	1469.75	7.04	6.83
ANHUI	342.76	313.99	6.27	3.76	392.07	335.10	7.23	3.78
HENAN	453.64	872.71	7.12	8.86	464.80	882.61	7.28	8.89
JIANGXI	358.96	233.10	7.15	4.21	370.70	245.09	7.34	4.23
QINGHAI	471.06	1086.63	7.23	6.12	480.29	1100.85	7.36	6.15
HEILONGJIANG	391.81	674.01	7.25	7.12	410.45	721.14	7.48	7.21
CHONGQING	672.46	845.00	7.17	3.64	706.22	888.81	7.49	3.68
HUBEI	488.38	847.06	6.74	6.54	558.04	877.80	7.74	6.80
NEIMENGGU	999.51	1535.13	6.98	4.36	1142.67	1741.23	7.95	4.40
GUIZHOU	348.51	473.26	8.09	3.23	359.23	502.52	8.28	3.28
GUANGXI	414.90	317.25	8.12	5.01	430.59	324.76	8.44	5.00
SHAANXI	504.77	1002.03	8.87	8.92	509.83	1003.40	9.01	9.00
NINGXIA	565.17	602.66	8.51	9.73	602.28	632.28	9.05	9.70
YUNNAN	455.54	524.94	9.23	7.92	473.19	549.84	9.53	7.98
XINJIANG	851.19	1866.43	10.03	15.48	876.81	1878.03	10.39	15.51
ZHEJIANG	1807.36	2121.48	9.35	6.04	2062.16	2337.64	10.53	6.19
LIAONING	724.43	803.72	10.30	7.72	761.38	857.03	10.59	7.73
SHANXI	648.44	730.88	10.65	6.91	669.58	751.94	10.96	6.98
JIANGSU	1512.57	1985.73	10.65	9.38	1655.18	2183.19	11.37	9.49
TIANJIN	1718.74	1688.65	11.93	5.94	1807.74	1808.65	12.33	5.94
BEIJING	3548.58	2159.88	18.57	16.58	3574.18	2170.11	18.68	16.60
SHANGHAI	5551.19	4172.71	28.83	14.64	5572.50	4204.85	28.88	14.61
National Average	683.96	1364.47	7.58	7.27	724.84	1449.22	7.96	7.34

Table A2: Robustness Check with Alternative Taxation Measure (Prefecture)

	Log(Tax Per Capita)			Tax as % of GDP		
	All	All but Tibet, Xinjiang, Ningxia	Tibet, Xinjiang, Ningxia	All	All but Tibet, Xinjiang, Ningxia	Tibet, Xinjiang, Ningxia
	(1)	(2)	(3)	(4)	(5)	(6)
Panel 1						
<i>All Tax 2</i>						
Pool Size	0.049*** (0.015)	0.059*** (0.015)	-0.002 (0.056)	0.431*** (0.124)	0.443*** (0.114)	0.522 (0.835)
Pool Size ²	-0.002** (0.001)	-0.002*** (0.001)	-0.002 (0.002)	-0.014** (0.006)	-0.013** (0.005)	-0.030 (0.033)
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Province FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Province × Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,661	2,453	208	2,661	2,453	208
Panel 2						
<i>Taxes Shared with Upper-Level Government</i>						
Pool Size	0.061*** (0.021)	0.072*** (0.019)	0.040 (0.096)	0.222** (0.097)	0.239*** (0.075)	0.102 (0.852)
Pool Size ²	-0.003*** (0.001)	-0.003*** (0.001)	-0.007* (0.004)	-0.008* (0.004)	-0.008** (0.004)	-0.006 (0.034)
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Province FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Province × Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,660	2,453	207	2,660	2,453	207
Panel 3						
<i>Taxes belong Completely to County Government</i>						
Pool Size	0.036** (0.015)	0.045*** (0.015)	-0.019 (0.040)	0.158*** (0.053)	0.180*** (0.054)	-0.025 (0.173)
Pool Size ²	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.002)	-0.004 (0.003)	-0.004* (0.002)	-0.005 (0.007)
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Province FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Province × Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,658	2,451	207	2,658	2,451	207

Note: Clustered standard errors at the prefecture level are reported in the parentheses. We did not report the coefficient estimates of the constant as well as provincial and yearly dummies. We also did not report the coefficient estimates for control variables, which include *Log(Population)*, *Log(Area Size)*, *% of Rural Population*, *Log(GDP)*, *Minority Prefecture Status*, *Minority County Status*, *Log(Brightness per capita)*. *** p<0.01, ** p<0.05, * p<0.1

Table A3: Robustness Check with Potential Omitted Variable Biases (Prefecture)

Panel 1	Log(Tax Per Capita)					
	All but Tibet, Xinjiang, Ningxia	Tibet, Xinjiang, Ningxia	All but Tibet, Xinjiang, Ningxia	Tibet, Xinjiang, Ningxia	All but Tibet, Xinjiang, Ningxia	Tibet, Xinjiang, Ningxia
	(1)	(2)	(3)	(4)	(5)	(6)
Pool Size	0.074*** (0.016)	-0.016 (0.076)	0.055*** (0.015)	0.033 (0.052)	0.064*** (0.016)	-0.003 (0.063)
Pool Size ²	-0.003*** (0.001)	-0.002 (0.003)	-0.002*** (0.001)	-0.003* (0.002)	-0.002*** (0.001)	-0.002 (0.003)
Log(Prefecture Own Revenue Per Capita)	0.084*** (0.027)	-0.038 (0.066)				
Log(Transfers Per Capita)			0.104*** (0.037)	-0.373*** (0.140)		
Agricultural Production Share of GDP					-0.010*** (0.002)	0.007 (0.009)
Industrial Production Share of GDP					0.004*** (0.002)	0.006 (0.007)
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Province FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Province × Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,313	199	2,302	207	1,838	155
Panel 2	Tax as % of GDP					
Pool Size	0.529*** (0.120)	0.084 (1.223)	0.399*** (0.112)	0.846 (0.865)	0.423*** (0.118)	1.318* (0.799)
Pool Size ²	-0.017*** (0.006)	-0.019 (0.045)	-0.012** (0.005)	-0.042 (0.035)	-0.013** (0.006)	-0.063* (0.034)
Log(Prefecture Own Revenue Per Capita)	0.845*** (0.194)	-1.165 (1.068)				
Log(Transfers Per Capita)			1.064*** (0.335)	-3.540** (1.454)		
Agricultural Production Share of GDP					-0.053*** (0.012)	0.052 (0.097)
Industrial Production Share of GDP					0.025** (0.012)	0.085 (0.066)
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Province FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Province × Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,313	199	2,013	207	1,838	155

Note: Clustered standard errors at the prefecture level are reported in the parentheses. We did not report the coefficient estimates of the constant as well as provincial and yearly dummies. We also did not report the coefficient estimates for control variables, which include *Log(Population)*, *Log(Area Size)*, *% of Rural Population*, *Log(GDP)*, *Minority Prefecture Status*, *Minority County Status*, *Log(Brightness per capita)*. *** p<0.01, ** p<0.05, * p<0.1