**Appendix: Online supplementary material**

**Further reporting about the robustness controls**

As mentioned in the study all models were re-estimated with fixed effects and random effects. We also run models in which we clustered the standard errors by municipalities (instead for panel-corrected standard errors). In general, our independent variables have shown similar effects. We sum up the results from the alternative specifications. In Model 1, local rule through mixed government as an explanation for alterations in local tax level lacked a significant effect with fixed effects and random effects; however, that effect was retained in the more specified Models 2 and 3 with random effects and in Model 2 with fixed effects. In Model 4 with fixed effects the interaction between right-wing government and financial solvency was statistically insignificant.

In Models 5-7, with fixed effects, the strength of the Social Democratic Party lost its significant effect on the local tax level. In Model 7 with fixed effects the interaction between the Moderate Party seat share and financial solvency was statistically insignificant.

In Models 8-9, the dummies for government change from left-wing government to right-wing government, and for government change from right-wing government to left-wing government retained significant effect in all re-estimations. At the same time, the predictor of transitions from mixed rule to left-wing rule was statistically insignificant in the re-estimations. However, it should be mentioned that some other of the government change dummies that were insignificant in the original estimations were statistically significant in the re-estimations. The final re-estimations on tax cuts emphasised the effects of the independent variables found in the original estimations.

Robustness checks were also applied by adding an LDV to the original estimations (cf. Beck and Katz, 1995). In Models 1-3 the dummy variable for mixed government was statistically insignificant with the LDV included. In Models 5-6 the Social Democratic Party seat share lost its significant effect on the tax level, and in Model 7 the interaction between the Moderate Party seat share and financial solvency was statistically insignificant. There are less convincing motives to insert an LDV when assessing the second dependent variable, ∆*T*, as there are no immediate theoretical motives for assuming that prior changes in tax rate will explain subsequent ones. However, when this specification was included, we found that in Models 8 and 9 the dummy for transitions from mixed to left-wing rule was statistically insignificant while the dummy for change from a right-wing rule to a mixed rule was statistically significant with a positive coefficient.

Concerning the models 9 and 10 the upturn and downturn models, we also applied them with all the “zeros” excluded. Because of the large drop of cases panel-corrected standard errors was not a relevant option, instead we clustered the standard errors by the municipalities. In the alternative models, the size of the coefficients and the level of statistically significance differ modestly compared with the original models and the results for the independent variables still holds.

**Additional interactions effects**

We also applied several other models with interactions between the dummies for the ruling governments and the economic and the demographic controls. The results of these models showed that the context is important. For example, right-wing government’s negative effect on the tax rate are more distinct in municipalities that are not rural, municipalities with more population, municipalities with low dependency of the system of redistribution. This is something that should be explored in future studies.

We also applied several other models with an interaction between the Moderate Party seat share and the economic and the demographic controls. Similarly, we also estimated models with an interaction between the Social Democratic Party seat share and our control variables. Again, we found that the context of the municipalities is important and the effect that the two parties seat shares have on the tax rate level differ regarding to the economic and demographic conditions of the municipalities. In Figures A1 and A2 we illustrate two of the interactions effects.

The interaction term between the ruling government and municipalities (rural vs. not rural) was included in model 3 (see Table 2 in the study). The interaction was statistically significant. The interaction effect is shown in Figure A1.

Figure A1. Interaction effect between the ruling government and municipalities (rural vs. not rural)



The interaction term between the Moderate Party seat share and municipalities (rural vs. not rural) was included in model 6 (see Table 3 in the study). The interaction was statistically significant. The interaction effect is shown in Figure A2.

Figure A2. Interaction effect between the Moderate Party seat share and municipalities (rural vs. not rural)



**Descriptive statistics**

Table A1. Descriptive overview of all variables except the dummy variables

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Variable | Min | Max | Mean | Std.Dev |
| Tax rate level | 14.90 | 23.90 | 21.36 | 1.22 |
| Tax level changes (adjusted) | -1.32 | 2.55 | 0.15 | 0.33 |
| Tax level increase (adjusted) | 0.00 | 2.55 | 0.17 | 0.31 |
| Tax level decrease (adjusted) | 0.00 | 1.32 | 0.02 | 0.08 |
| Moderate Party (seat share) | 0.00 | 71.43 | 18.38 | 9.36 |
| Social Democratic Party (seat share) | 6.67 | 68.63 | 37.00 | 9.84 |
| Average taxable income | 71.45 | 358.34 | 141.59 | 37.96 |
| Financial solvency | -16.65 | 94.00 | 52.28 | 18.45 |
| Administrative tax change | -0.49 | 4.39 | 0.26 | 0.63 |
| System of redistribution | -16.86 | 28.95 | 8.48 | 5.03 |
| Population | 2.44 | 949.76 | 31.73 | 62.45 |
| Average age | 35.10 | 49.60 | 42.34 | 2.56 |
|  |  |  |  |  |

**Table A2. Descriptive overview of the dummy variables**

|  |  |  |
| --- | --- | --- |
| Variable | Frequency | Percent |
| Right-wing government | 727 | 42.07 |
| Mixed government | 414 | 23.96 |
| Left-wing government | 587 | 33.97 |
|  |  |  |
| Regime change: left-wing to right-wing | 135 | 7.83 |
| Regime change: left-wing to mixed | 124 | 7.19 |
| Regime change: right-wing to left-wing | 70 | 4.06 |
| Regime change: right-wing to mixed | 111 | 6.43 |
| Regime change: mixed to right-wing | 119 | 6.90 |
| Regime change: mixed to left-wing | 55 | 3.19 |
| No regime change | 1111 | 64.40 |
| Rural municipalities | 246 | 14.23 |
| Non rural municipalities | 1483 | 85.77 |
|  |  |  |

**Data sources**

Swedish Association of Local Authorities and Regions (SALAR): <https://skr.se/skr.25.html>

Statistics Sweden (SCB): <https://www.statistikdatabasen.scb.se>

Kolada database: <https://www.kolada.se>

**In Figure A3-A9 all models are visualized with standardized regression coefficients.**

Figure A3 is based on models 1-3 presented in Table 2.



Figure A4 is based on model 4 presented in Table 2.



Note: In Figure A4 the government variable is not standardized.

Figure A5 is based on models 5-6 presented in Table 3.



Figure A6 is based on model 7 presented in Table 3.



Figure A7 is based on model 8 presented in Table 4.



Figure A8 is based on model 9 presented in Table 4.



Figure A9 is based on model 10 presented in Table 4.



Figure A10. Marginal effects on the influence of the Moderate Party and the Social Democratic Party on the municipal tax level (based on model 6)



**Models with alternative dependent variable (mean tax rate).**

Table 3A. Multivariate regressions on municipal tax level (means) Models 1A–4A

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Model 1A | Model 2A | Model 3A | Model 4A |
| Right-wing government | -.914\*\*\*  (.160) | -.585\*\*\*  (.087) | -.553\*\*\*  (.085) | .044  (.130) |
| Mixed government | -.258\*\*\*  (.072) | -.328\*\*\*  (.053) | -.275\*\*\*  (.042) | -.049  (.134) |
| Left-wing government | (Baseline) | (Baseline) | (Baseline) | (Baseline) |
| Average taxable income |  | -.001  (.002) | -.002\*  (.001) | -.002\*  (001) |
| Financial solvency |  | -.014\*\*\*  (.001) | -.012\*\*\*  (.001) | -.007\*\*\*  (.001) |
| System of redistribution |  | .118\*\*\*  (.006) | .065\*\*\*  (.006) | .063\*\*\*  (.006) |
| Administrative tax change |  | -.366  (.200) | -.250  (.202) | -.256  (.204) |
| Rural municipalities |  |  | .197\*\*\*  (.036) | .192\*\*\*  (.035) |
| Population |  |  | -.044\*\*  (.015) | -.044\*\*  (.016) |
| Average age |  |  | .134\*\*\*  (.015) | .137\*\*\*  (.014) |
| Right-wing government x Financial solvency |  |  |  | -.012\*\*\*  (.003) |
| Mixed government x Financial solvency |  |  |  | -.005  (.003) |
|  |  |  |  |  |
| Number of observations | 1443 | 1443 | 1443 | 1443 |
| Number of municipalities | 289 | 289 | 289 | 289 |
| R² | .126 | .469 | .530 | .534 |
| Sig | .000 | .000 | .000 | .000 |
|  |  |  |  |  |
|  |  |  |  |  |

Note: Entries are the unstandardised regression coefficients with panel-corrected standard errors are in parentheses. \*\*\* significant at the .001 level, \*\* significant at the .01 level, \* significant at the .05 level.

Table 4A. Multivariate regressions on tax level (means) Models 5A–7A

|  |  |  |  |
| --- | --- | --- | --- |
|  | Model 5A | Model 6A | Model 7A |
| Moderate Party (seat share) | -.059\*\*\*  (.008) | -.053\*\*\*  (.008) | -.018\*\*\*  (.004) |
| Social Democratic Party (seat share) | .014\*\*  (.005) | .013\*\*  (.005) | .012\*\*  (.005) |
| Average taxable income | .004\*  (.002) | .002  (.001) | .002  (.001) |
| Financial solvency  System of redistribution | -.013\*\*\*  (.001)  .071\*\*\*  (.010) | -.013\*\*\*  (.001)  .042\*\*\*  (.008) | -.001  (.002)  .038\*\*\*  (.008) |
| Administrative tax change | -.373\*\*\* | -.348\*\*\* | -.362\*\*\* |
|  | (.093) | (.068) | (.066) |
| Rural municipalities |  | .140\*\*\*  (.038) | .152\*\*\*  (.033) |
| Population |  | .022 | .019 |
| Average age |  | (.015)  .096\*\*\* | (.016)  .104\*\*\* |
|  |  | (.014) | (.012) |
| Moderate Party seat share x Financial solvency |  |  | -.001\*\*\*  (.002) |
| Number of observations | 1724 | 1724 | 1724 |
| Number of municipalities | 289 | 289 | 289 |
| R² | .615 | .637 | .646 |
| Sig | .000 | .000 | .000 |
|  |  |  |  |

Note: Entries are the unstandardised regression coefficients with panel-corrected standard errors are in parentheses. \*\*\* significant at the .001 level, \*\* significant at the .01 level, \* significant at the .05 level.

Models with alternative coding of the government change variables.

Table 5A. Multivariate regressions on tax level changes Models 8A–10A

|  |  |  |  |
| --- | --- | --- | --- |
|  | Model 8A (full model) | Model 9A (upturns) | Model 10A (downturns) |
| Government change: to right wing | -.086\*\*\*  (.022) | -.057\*\*  (.018) | .029\*\*  (.011) |
| Government change: to left wing | .103\*\*\*  (.029) | .095\*\*\*  (.029) | -.008\*  (.003) |
| No government change | Baseline | Baseline | Baseline |
| Average taxable income | -.001\*\*  (.001) | -.001\*\*  (.001) | .001  (.001) |
| Financial solvency  System of redistribution | .001  (.001)  -.013\*\*\*  (.003) | .001  (.001)  -013\*\*\*  (.003) | .001  (.001)  -.001  (.002) |
| Tax rate | .044\*\*\* | .023\* | -.021\*\*\* |
|  | (.012) | (011) | (.006) |
| Rural municipalities | -.033  (.029) | -.011  (.029) | .022\*\*\*  (.006) |
| Population | -.059\*\*\* | -.052\*\*\* | .007 |
| Average age | (.012)  -.009 | (.012)  -.009 | (.006)  .001 |
|  | (.005) | (.005) | (.001) |
| Number of observations | 1257 | 1257 | 1257 |
| Number of municipalities | 289 | 289 | 289 |
| R² | .067 | .057 | .115 |
| Sig | .000 | .000 | .000 |
|  |  |  |  |

Note: Entries are the unstandardised regression coefficients with robust standard errors are in parentheses. \*\*\* significant at the .001 level, \*\* significant at the .01 level, \* significant at the .05 level. The standard errors are clustered by the municipalities.