

Discussion of  
“AFTER WAYFAIR: WHAT ARE STATE USE TAXES WORTH?”.  
by John L. Mikesell and Justin M. Ross

Discussant:

Felipe Lozano-Rojas

PhD(c) Public Affairs

Indiana University, O’Neil School of Public and Environmental Affairs

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# Overview

- The article uses data from Indiana to capture the short-term effect of *South Dakota vs Wayfair*
- The article finds that the introduction of the tax altered the collection of the overall Sales & Use Tax in IN.
- The article uses an innovative technic to perform the estimation

- Stories on how nuanced the application of the Use tax is.
  - **How are states that allow localities to have local sales taxes are dealing with them?**
  - This is not a concern in Indiana.
- Discussion about the stakeholders' role (could be strengthened)
  - **Heterogeneity implementation comes from different requirements for Vendors / Marketplaces / Referrals?**
  - My Prior: The smaller the number the collector the easier to enforce. Is there any expectation?

Compliance  
hardship

# About the method

- **SCM with Lasso predictor selection**
  - SCM / Placebo tests – duly explained
  - Lambda Penalty? → Cross validation is straight forward, but the optimization procedure is not.
  - Inference → Combination of 10 donors with 858 predictors left?
- **Moving averages**
  - It softens the series
  - How does it affect the outcome series? → You change the cutoff for policy introduction to avoid the related tainting
  - Is there any other empirical work that explores this transformation deeper (Simulation implications?)

- **Wayfair didn't alter the fiscal outlook of IN**
- At the end of the series, both T and C start diverging...
- What is your expectation/prior? Is there room to say that in absence of the policy some collection wouldn't have happened

## The Results