

"Identification of Cross Price Elasticities of Demand for Public Services: Evidence from a Natural Experiment"

Using a natural experiment resulting from the implementation of the New York state STAR program we examine how a policy reform that significantly reduced the tax price of school spending affected the demand for other publicly provided goods and services such as police and fire protection. Due to the unique governmental structure in New York State where services such as fire protection may be provided by different levels of government such as cities, villages, or special districts with varying degrees of representation, we are able to examine the roll of information and accountability in public good spending. In addition, we are able to provide some of the first reliable estimates on the cross price tax elasticity of local public goods provision.

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