

# **Regional Identities, Decentralized Taxation, and Preferences for Redistribution**

## **Abstract**

This paper provides novel evidence on the impact of tax decentralization on citizens preferences for redistribution. In a large-scale survey experiment implemented in Spain, an information treatment explains respondents the normative tax power which regions can exercise in personal income taxation. First stage results show that the treatment increases the salience of this feature by 40 percentage points. The treatment increases respondents awareness of inequality, but decreases their support for higher taxes on the rich. Both results are explained by respondents' identities. The effect on the inequality aversion is driven by individuals with a stronger regional than national identity, while the rejection of higher taxes on the rich is driven by participants which identify more with the nation than the region. These results provide evidence that redistributive policies work as a local public good for the regional identity group, but not the national one.

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