

Internet Appendix to
Higher Minimum Wages Reduce Capital Expenditures

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April 2022

Figure A1. Event-study Plot. This figure plots the event-time differences in capital expenditures between bound and unbound states, following the methodology described in Freyaldenhoven et al. (2021). The vertical lines represent the 95% uniform, sup-t confidence interval of the estimate, while the inner bars represent the 95% pointwise confidence interval. The value of the coefficient on year -1 has been normalized to zero. The parenthetical label on the y-axis represents the average value of capital expenditures to assets in event year -1; the coefficients can be interpreted as changes relative to that average. Below the chart, we report the p-value for the Wald test that the pre-trends are jointly equal to zero, and the p-value for the Wald test that the effect in year +3 is equal to the effect in years 4+ (i.e., the dynamics level off). Following Freyaldenhoven et al. (2021), we also plot a line representing the least “wiggly” confound that is consistent with the event-time path of capital investment. The sample is restricted to observations that are within three years before the first minimum wage change in each of laws shown in Table 1 and up to one full fiscal year after the last minimum wage change associated with each law (i.e., our event sample, see Section 2 for more details). Each of the three events consists of consecutive federal minimum wage increases.

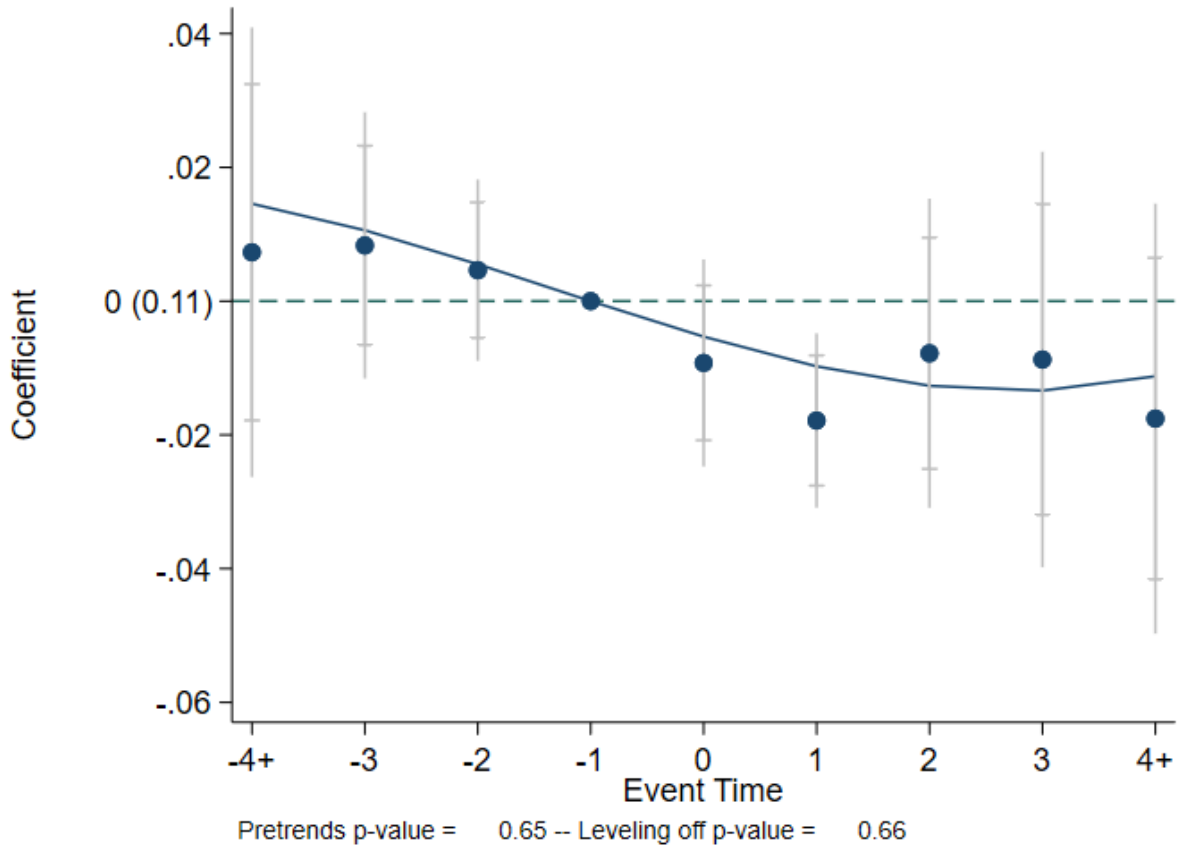


Table A1: Regressing Capital Expenditures on State-level Minimum Wage Changes

This table presents ordinary least squares estimates, regressing a firm's annual capital expenditures scaled by total assets on recent changes in their headquarter state's minimum wage. Δ State Minimum Wage is obtained from the U.S. Department of Labor and is the annual percentage in the nominal federal minimum wage for the year ending at the beginning of the calendar quarter before fiscal year end. Column 2 includes year and firm fixed effects, while Column 3 further adds controls for firm characteristics (Employees, Liabilities, Tangibility, Ln(Assets), Profitability, MtB, and Cash) and state economic conditions (population, change in population, unemployment, change in unemployment, state-level average wage, change in state-level average wage). Appendix A defines all control variables, t-statistics based on standard errors that are clustered by state are reported in parentheses below the coefficients, and *, **, and *** represent significance at the 10%, 5%, and 1% levels, respectively.

| | Total Investment (1) | Total Investment (2) | Total Investment (3) |
|-----------------------------|----------------------------|----------------------------|----------------------------|
| Δ State Minimum Wage | -0.002 (-0.09) | -0.004 (-0.54) | -0.005 (-0.61) |
| Firm Controls | NO | NO | YES |
| State-level Controls | NO | NO | YES |
| Firm Fixed Effects | NO | YES | YES |
| Year Fixed Effects | NO | YES | YES |
| Adj. R-squared | 0.000 | 0.435 | 0.459 |
| Observations | 59,294 | 57,793 | 57,793 |

Table A2: Treated and Control States by Event

This table lists the bound (i.e., state minimum wage \leq federal minimum wage) and unbound (i.e., state minimum wage $>$ federal minimum wage) states as of the enactment date of the three minimum wage law changes included in our sample.

| Federal Law Enacted | Bound States | Unbound States |
|---------------------|--|--|
| 11/17/1989 | AL, AR, AZ, CO, DE, FL, GA, ID, IL, IN, KS, KY, LA, MA, MD, MI, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NV, NY, OH, OK, PA, SC, SD, TN, TX, UT, VA, WI, WV, WY | AK, CA, CT, DC, HI, IA, ME, MN, OR, RI, VT, WA |
| 08/20/1996 | AL, AR, AZ, CA, CO, DE, FL, GA, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NM, NV, NY, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VA, VT, WI, WV, WY | AK, CT, DC, HI, NJ, WA |
| 05/25/2007 | AL, GA, ID, IN, KS, KY, LA, MS, ND, NE, NH, NM, OK, SC, SD, TN, TX, UT, VA, WY | AK, AR, AZ, CA, CO, CT, DC, DE, FL, HI, IA, IL, MA, MD, ME, MI, MN, MO, MT, NC, NJ, NV, NY, OH, OR, PA, RI, VT, WA, WI, WV |

Table A3: Timing

This table presents estimates from an OLS regression where the dependent variable is capital expenditures scaled by beginning of period total assets. See Figure 3 Panel A for a graphical representation of these results. The explanatory variables of interest are the interactions between a bound state and indicators for years surrounding an increase in the federal minimum wage, measured in event-time relative to the date of the first minimum wage increase associated with each minimum wage law. Bound is an indicator for a firm headquartered in a state-year with the state minimum wage equal to the federal minimum wage. The sample is restricted to relatively small minimum wage sensitive firms, defined as in the restaurant, retail, or entertainment industries (i.e., Fama-French 49 industries 7, 43, and 44) and in the bottom three quartiles of total assets to state population. The sample contains firm-years in up to 7 years surrounding the 3 minimum wage events listed in Table 1. The estimates can be interpreted as the change in investment relative to the year prior to a federal minimum wage increase ($t = -1$ is the excluded category). Controls are omitted to save space. t -statistics based on standard errors that are clustered by state are reported in parentheses below the coefficients, and *, **, and *** represent significance at the 10%, 5%, and 1% levels, respectively.

| | (1) CAPEX |
|-----------------------|----------------------|
| Bound $\times t = -3$ | 0.001 (0.06) |
| Bound $\times t = -2$ | 0.005 (0.72) |
| Bound $\times t = 0$ | -0.002 (-0.29) |
| Bound $\times t = 1$ | -0.020*** (-3.62) |
| Bound $\times t = 2$ | -0.008 (-0.76) |
| Bound $\times t = 3$ | -0.010 (-0.98) |
| Bound | 0.005 (0.70) |
| $t = -3$ | 0.013 (1.15) |
| $t = -2$ | 0.002 (0.27) |
| $t = 0$ | 0.003 (0.44) |
| $t = 1$ | 0.012 (1.32) |
| $t = 2$ | -0.002 (-0.19) |
| $t = 3$ | -0.023 (-1.39) |
| Includes Controls | Yes |
| Firm FE | Yes |
| Year FE | Yes |
| Adj. R-squared | 0.478 |
| Observations | 6,192 |

Table A4: Minimum Wage and Types of Investment

This table presents OLS estimates of the difference-in-differences model specified in Eq. 1. The dependent variable is capital expenditures in Column 1, R&D expenditures in Column 2, and M&A expenditures measured using Compustat (Column 3) and SDC (Column 4), each scaled by beginning of period total assets. The explanatory variable of interest is the interaction between a bound state and a federal minimum wage change. Bound is an indicator for a firm headquartered in a state-year with state minimum wage equal to the federal minimum wage and Post is an indicator for years following an increase in the federal minimum wage. The sample is restricted to relatively small minimum wage sensitive firms, defined as in the restaurant, retail, or entertainment industries (i.e., Fama-French 49 industries 7, 43, and 44) and in the bottom three quartiles of total assets to state population. The sample contains firm-years in the 7 years surrounding the 3 minimum wage events listed in Table 1. Appendix A defines all control variables; the constant is omitted to save space. *t*-statistics based on standard errors that are clustered by state are reported in parentheses below the coefficients, and *, **, and *** represent significance at the 10%, 5%, and 1% levels, respectively.

| | (1) CAPEX | (2) R&D | (3) M&A Compustat | (4) M&A SDC |
|----------------------------------|----------------------|---------------------|-------------------------|--------------------|
| Bound × Post | -0.013** (-2.34) | -0.000 (-0.13) | -0.011** (-2.06) | -0.008 (-1.65) |
| Bound | 0.006 (1.02) | -0.001 (-0.79) | 0.012** (2.34) | 0.006 (1.29) |
| Post | 0.008 (1.05) | -0.001 (-1.08) | 0.006 (1.11) | 0.012** (2.25) |
| Lag Cash Flow | 0.036* (1.69) | 0.003 (1.32) | 0.056* (1.70) | 0.030 (1.12) |
| Lag Market to Book | 0.033*** (8.94) | 0.000 (0.23) | 0.007** (2.42) | 0.005** (2.58) |
| Lag Tangibility | -0.051** (-2.10) | 0.001 (0.66) | -0.028 (-1.62) | -0.009 (-0.79) |
| Lag Ln(Assets) | -0.027*** (-4.08) | -0.000 (-0.59) | -0.017*** (-3.18) | -0.004* (-1.82) |
| Lag Profitability | 0.032 (1.04) | -0.006** (-2.51) | -0.035 (-0.75) | -0.012 (-0.47) |
| Lag State Population | -0.003 (-0.28) | -0.001 (-0.46) | 0.012 (1.05) | -0.006 (-1.03) |
| Lag State Unemployment | -0.004 (-1.26) | 0.000 (0.29) | 0.001 (0.86) | -0.002 (-1.16) |
| Lag State Average Wage | -0.001 (-0.16) | 0.000 (0.11) | -0.007*** (-2.80) | 0.001 (0.34) |
| Lag Growth in State Population | 0.532 (1.33) | 0.037 (0.94) | 0.163 (0.54) | -0.263 (-0.98) |
| Lag Change in State Unemployment | 0.009 (0.62) | -0.001 (-0.67) | -0.001 (-0.05) | -0.003 (-0.28) |
| Lag Growth in State Wages | 0.012 (0.26) | 0.000 (0.02) | 0.078*** (3.01) | -0.005 (-0.22) |
| Firm FE | Yes | Yes | Yes | Yes |
| Year FE | Yes | Yes | Yes | Yes |
| Adj. R-squared | 0.479 | 0.737 | 0.128 | 0.088 |
| Observations | 6,192 | 6,192 | 6,192 | 5,923 |

Table A5: Continuous Interaction Estimates

This table presents OLS estimates of the difference-in-differences model specified in Eq. 1. The dependent variable is capital expenditures scaled by beginning of period total assets. The explanatory variable of interest is the interaction between a bound state and a federal minimum wage change. Bound is an indicator for a firm headquartered in a state-year with state minimum wage equal to the federal minimum wage and Δ Min. Wage is the annual percentage change in the federal minimum wage ending one quarter before the end of the fiscal year over which investment is measured. The sample is restricted to relatively small minimum wage sensitive firms, defined as in the restaurant, retail, or entertainment industries (i.e., Fama-French 49 industries 7, 43, and 44) and in the bottom three quartiles of total assets to state population. The sample contains firm-years in the 7 years surrounding the 3 minimum wage events listed in Table 1. Appendix A defines all control variables; the constant is omitted to save space. *t*-statistics based on standard errors that are clustered by state are reported in parentheses below the coefficients, and *, **, and *** represent significance at the 10%, 5%, and 1% levels, respectively.

| | (1) | (2) | (3) |
|-----------------------------------|-------------------|----------------------|----------------------|
| | CAPEX | CAPEX | CAPEX |
| Bound \times Δ Min. Wage | -0.045 (-0.94) | -0.082** (-2.03) | -0.080** (-2.24) |
| Bound | -0.003 (-0.45) | 0.003 (0.45) | 0.003 (0.63) |
| Δ Min. Wage | 0.043 (0.94) | 0.082* (1.69) | 0.074 (1.50) |
| Lag Cash Flow | | 0.035* (1.76) | 0.036* (1.68) |
| Lag Market to Book | | 0.033*** (9.01) | 0.033*** (8.88) |
| Lag Tangibility | | -0.051** (-2.15) | -0.051** (-2.11) |
| Lag Ln(Assets) | | -0.027*** (-4.02) | -0.027*** (-4.09) |
| Lag Profitability | | 0.033 (1.07) | 0.032 (1.03) |
| Lag State Population | | | -0.003 (-0.31) |
| Lag State Unemployment | | | -0.004 (-1.18) |
| Lag State Average Wage | | | -0.001 (-0.15) |
| Lag Growth in State Population | | | 0.549 (1.38) |
| Lag Change in State Unemployment | | | 0.007 (0.46) |
| Lag Growth in State Wages | | | 0.011 (0.26) |
| Firm FE | Yes | Yes | Yes |
| Year FE | Yes | Yes | Yes |
| Adj. R-squared | 0.410 | 0.478 | 0.479 |
| Observations | 6,192 | 6,192 | 6,192 |

Table A6: Firm Characteristics, Partitioned by Bound Status

This table presents descriptive statistics for firm characteristics, partitioned by a state's bound status. The sample consists of minimum wage sensitive firms, defined as the restaurant, retail, or entertainment industries (i.e., Fama-French 49 industries 7, 43, and 44), and restricted to firms in the bottom three quartiles of total assets to state population. Panels A and B show mean values of characteristics for firms in the year prior to a federal minimum wage increase split by bound states (i.e., firm headquarters in a state with minimum wage less than federal minimum wage) and unbound states (i.e., firm headquarters in a state with minimum wage greater than federal minimum wage). The difference and the significance of a two-sample t-test are reported in the last column. Panel A shows characteristics for firms in the main regression sample, while Panel B shows characteristics for a nearest neighbor matched sample used in Table 4 Columns 5 and 6. *, **, and *** represent significance at the 10%, 5%, and 1% levels, respectively. Definitions for the variables shown in this table are found in Appendix A.

Panel A: Full Regression Sample

| | Unbound | Bound | Difference |
|----------------|---------|-------|------------|
| CAPEX | 0.122 | 0.131 | -0.009 |
| Cash Flow | 0.082 | 0.066 | 0.016 |
| Market to Book | 1.601 | 1.429 | 0.172* |
| Tangibility | 0.377 | 0.425 | -0.048** |
| Ln(Assets) | 4.833 | 4.569 | 0.264** |
| Profitability | 0.127 | 0.128 | -0.001 |

Panel B: Nearest Neighbor Matched Sample

| | Unbound | Bound | Difference |
|----------------|---------|-------|------------|
| CAPEX | 0.118 | 0.131 | -0.013 |
| Cash Flow | 0.061 | 0.066 | -0.006 |
| Market to Book | 1.357 | 1.429 | -0.071 |
| Tangibility | 0.405 | 0.425 | -0.020 |
| Ln(Assets) | 4.674 | 4.569 | 0.105 |
| Profitability | 0.117 | 0.128 | -0.011 |

Table A7: State Trends by Bound Status in Year Before Minimum Wage Increase

This table presents state-level descriptive statistics for the sample of firms used in our regression analyses. The sample consists of minimum wage sensitive firms, defined as the restaurant, retail, or entertainment industries (i.e., Fama-French 49 industries 7, 43, and 44), and restricted to firms in the bottom three quartiles of total assets to state population. We show the mean values of state-level characteristics for firms in the year prior to a federal minimum wage increase split by bound states (i.e., firm headquarters in a state with minimum wage less than federal minimum wage) and unbound states (i.e., firm headquarters in a state with minimum wage greater than federal minimum wage). The difference and the significance of a two sample t-test are reported in the last column. Panel A includes firms in the main regression sample, Panel B includes firms in the border-state matched analysis used in Table 7. *, **, and *** represent significance at the 10%, 5%, and 1% levels, respectively. Definitions for the variables shown in this table are found in Appendix A.

Panel A: Full Regression Sample

| | Unbound | Bound | Difference |
|-------------------------|---------|--------|------------|
| Real State Minimum Wage | 7.261 | 6.603 | 0.659*** |
| State Population | 16.519 | 16.069 | 0.450*** |
| State Unemployment | 5.299 | 5.358 | -0.059 |
| State Average Wage | 12.266 | 10.685 | 1.580*** |

Panel B: Border-state Matched Regression Sample

| | Unbound | Bound | Difference |
|-------------------------|---------|--------|------------|
| Real State Minimum Wage | 7.118 | 6.594 | 0.524*** |
| State Population | 16.472 | 16.320 | 0.152*** |
| State Unemployment | 5.299 | 5.506 | -0.208*** |
| State Average Wage | 11.637 | 12.289 | -0.652*** |

Table A8: Labor Intensity by Industry

This table presents the top 10 and bottom 10 Fama French 49 industries by labor intensity for our sample. For each industry year, we calculate the median employees-to-assets ratio. We then calculate the median over all industry-years in our sample; firms are classified as labor-intense if their employees-to-assets ratio is greater than this sample median. For each industry, we show the number of firm-years that are classified as labor and non-labor in our sample.

| Fama French 49 Industry | Non-Labor | Labor | Total | % Labor |
|--|-----------|-------|-------|---------|
| Top 10 Labor-intense Industries: | | | | |
| Retail | - | 6,533 | 6,533 | 100% |
| Restaurants, Hotels, Motels | - | 2,537 | 2,537 | 100% |
| Healthcare | - | 2,529 | 2,529 | 100% |
| Personal Services | - | 1,432 | 1,432 | 100% |
| Apparel | 50 | 1,663 | 1,713 | 97% |
| Automobiles and Trucks | 114 | 1,694 | 1,808 | 94% |
| Textiles | 47 | 674 | 721 | 93% |
| Fabricated Products | 32 | 446 | 478 | 93% |
| Business Services | 575 | 5,908 | 6,483 | 91% |
| Rubber and Plastic Products | 169 | 1,038 | 1,207 | 86% |
| Bottom 10 Labor-intense Industries: | | | | |
| Pharmaceutical Products | 7,160 | - | 7,160 | 0% |
| Petroleum and Natural Gas | 5,117 | - | 5,117 | 0% |
| Communication | 3,652 | - | 3,652 | 0% |
| Chemicals | 2,351 | - | 2,351 | 0% |
| Construction | 1,452 | - | 1,452 | 0% |
| Precious Metals | 547 | - | 547 | 0% |
| Non-Metallic and Industrial Metal Mining | 446 | - | 446 | 0% |
| Beer & Liquor | 352 | - | 352 | 0% |
| Coal | 239 | - | 239 | 0% |
| Candy & Soda | 227 | 11 | 238 | 5% |

Table A10: Robustness to Controlling for Industry-Year FE

This table re-estimates the difference-in-differences results presented in Table 3 in the paper after adding industry-by-year fixed effects. Each column presents the results from a different definition of industry; these definitions become increasingly granular. The dependent variable is capital expenditures scaled by beginning of period total assets. The sample is restricted to relatively small minimum wage sensitive firms, defined as in the restaurant, retail, or entertainment industries (i.e., Fama-French 49 industries 7, 43, and 44) and in the bottom three quartiles of total assets to state population. The sample contains firm-years in the 7 years surrounding the 3 minimum wage events listed in Table 1. *t*-statistics based on standard errors that are clustered by state are reported in parentheses below the coefficients, and *, **, and *** represent significance at the 10%, 5%, and 1% levels, respectively.

| | (1) | (2) | (3) | (4) |
|----------------------|----------------------|---------------------|----------------------|---------------------|
| | CAPEX | CAPEX | CAPEX | CAPEX |
| Bound × Post | -0.015*** (-3.13) | -0.014** (-2.08) | -0.021*** (-3.41) | -0.020** (-2.62) |
| Bound | 0.006 (0.90) | 0.005 (0.72) | 0.005 (0.81) | 0.004 (0.49) |
| Post | 0.013 (1.64) | 0.014 (1.62) | 0.017** (2.14) | 0.014 (1.66) |
| Controls | Yes | Yes | Yes | Yes |
| Firm FE | Yes | Yes | Yes | Yes |
| SIC2 × Year FE | Yes | No | No | No |
| SIC4 × Year FE | No | Yes | No | No |
| NAICS4 × Year FE | No | No | Yes | No |
| NAICS6 × Year FE | No | No | No | Yes |
| Adj. R-squared | 0.490 | 0.481 | 0.540 | 0.563 |
| Observations | 6,188 | 6,051 | 5,605 | 5,122 |
| Number of Industries | 11 | 38 | 66 | 90 |

Table A11: Robustness to Headquarters Moves

The dependent variable is capital expenditures scaled by beginning of period total assets. In column 1, we fix the firm HQ location at the beginning of each event, and hold it constant throughout the event. In column 2, we exclude all firms that change HQ locations over our sample period from our sample. The sample is restricted to relatively small minimum wage sensitive firms, defined as in the restaurant, retail, or entertainment industries (i.e., Fama-French 49 industries 7, 43, and 44) and in the bottom three quartiles of total assets to state population. The sample contains firm-years in the 7 years surrounding the 3 minimum wage events listed in Table 1. Appendix A defines all control variables; the constant is omitted to save space. *t*-statistics based on standard errors that are clustered by state are reported in parentheses below the coefficients, and *, **, and *** represent significance at the 10%, 5%, and 1% levels, respectively.

| | Holding HQ Fixed (1) CAPEX | Excluding Firms that Move HQ (2) CAPEX |
|----------------------------------|-------------------------------------|---|
| Bound × Post | -0.012** (-2.13) | -0.015** (-2.23) |
| Bound | 0.008 (1.35) | 0.008 (1.24) |
| Post | 0.008 (1.02) | 0.007 (0.75) |
| Lag Cash Flow | 0.036* (1.69) | 0.045** (2.22) |
| Lag Market to Book | 0.033*** (8.95) | 0.031*** (8.43) |
| Lag Tangibility | -0.051** (-2.11) | -0.064** (-2.36) |
| Lag Ln(Assets) | -0.027*** (-4.09) | -0.033*** (-4.70) |
| Lag Profitability | 0.032 (1.03) | 0.026 (0.78) |
| Lag State Population | -0.003 (-0.30) | 0.019 (1.42) |
| Lag State Unemployment | -0.004 (-1.26) | -0.007* (-1.94) |
| Lag State Average Wage | -0.000 (-0.11) | 0.002 (0.47) |
| Lag Growth in State Population | 0.533 (1.31) | 0.512 (1.01) |
| Lag Change in State Unemployment | 0.010 (0.65) | 0.017 (1.07) |
| Lag Growth in State Wages | 0.010 (0.22) | -0.011 (-0.25) |
| Firm FE | Yes | Yes |
| Year FE | Yes | Yes |
| Adj. R-squared | 0.479 | 0.493 |
| Observations | 6,192 | 5,788 |

Table A12: Sensitivity to individual law changes

This table examines the sensitivity of our triple difference results from Table 6 to excluding individual federal minimum wage law changes. We equally weight each of the three events in our sample for this analysis. Column 1 excludes the 2007 federal minimum wage change (which also excludes the financial crisis period from the sample). Columns 2 and 3 exclude the 1989 and 1996 law change, respectively. We use the non-labor intensive firms (Column 8, Table 6) as the control group. Appendix A defines all control variables; the constant is omitted to save space. *t*-statistics based on standard errors that are clustered by state are reported in parentheses below the coefficients, and *, **, and *** represent significance at the 10%, 5%, and 1% levels, respectively.

| | Excluding 2007 Law (1) CAPEX | Excluding 1989 Law (2) CAPEX | Excluding 1996 Law (3) CAPEX |
|--------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Bound × Sensitive × Post | -0.035*** (-3.11) | -0.016** (-2.54) | -0.011* (-1.96) |
| Bound × Post | 0.010 (1.06) | 0.015* (1.76) | 0.000 (0.11) |
| Bound × Sensitive | 0.025* (1.82) | 0.012** (2.58) | 0.020*** (3.26) |
| Sensitive × Post | 0.003 (0.39) | -0.019*** (-6.05) | -0.006*** (-2.75) |
| Lag Cash Flow | 0.012 (1.46) | -0.005 (-1.01) | -0.003 (-0.47) |
| Lag Market to Book | 0.012*** (7.16) | 0.008*** (8.42) | 0.007*** (8.66) |
| Lag Tangibility | -0.023 (-1.48) | -0.056*** (-3.16) | -0.042* (-1.97) |
| Lag Ln(Assets) | -0.022*** (-6.45) | -0.017*** (-3.90) | -0.019*** (-6.61) |
| Lag Profitability | 0.007 (0.65) | 0.015* (1.93) | 0.011 (1.33) |
| Firm FE | Yes | Yes | Yes |
| State × Year FE | Yes | Yes | Yes |
| Adj. R-squared | 0.450 | 0.529 | 0.502 |
| Observations | 16,864 | 26,144 | 21,684 |

Table A13: Robustness to Measurement Error in Bound Status

This table presents OLS estimates of the effect of minimum wage on firm capital expenditures. Panel A presents results using the difference-in-differences model specified in Eq. 1, while Panel B shows results from the triple difference model specified in Eq. 2. The dependent variable is capital expenditures scaled by beginning of period total assets. Bound is an indicator for a firm headquartered in a state-year with state minimum wage equal to the federal minimum wage, Post is an indicator for years following an increase in the federal minimum wage, and sensitive is an indicator variable for firms in the retail/restaurant industry. In Panel A, the sample is restricted to minimum wage sensitive firms, defined as in the restaurant, retail, or entertainment industries (i.e., Fama-French 49 industries 7, 43, and 44) in firm-years in the 7 years surrounding the 3 minimum wage events listed in Table 1. In Panel B, we add non-labor intensive firms as an additional control sample. In columns 1 and 2, we limit the sample to all firms (Column 1) and restaurants (Column 2) that are in the bottom quartile of total assets to state population. In Column 3, we use an alternate bound measure, based on the geographical dispersion measure in Garcia and Norli (2012), which counts the percentage of state mentions in a firm's 10-K filings that refer to a bound state. Appendix A defines all control variables; the constant is omitted to save space. *t*-statistics based on standard errors that are clustered by state are reported in parentheses below the coefficients, and *, **, and *** represent significance at the 10%, 5%, and 1% levels, respectively.

Panel A: Difference-in-Differences

| | Smallest Quartile Firms (1) | Smallest Quartile Restaurants (2) | 10-K-based Bound (3) |
|-------------------|-----------------------------------|---|-------------------------|
| Bound × Post | 0.000 (0.00) | -0.049 (-1.37) | -0.013* (-1.81) |
| Bound | 0.011 (0.82) | -0.015 (-0.33) | 0.019* (1.84) |
| Post | 0.014 (1.23) | 0.018 (0.39) | 0.009 (1.03) |
| Includes Controls | Yes | Yes | Yes |
| Firm FE | Yes | Yes | Yes |
| Year FE | Yes | Yes | Yes |
| Adj. R-squared | 0.368 | 0.429 | 0.479 |
| Observations | 1,991 | 476 | 6,192 |

Panel B: Triple Differences

| | Smallest Quartile Firms (1) CAPEX | Smallest Quartile Restaurants (2) CAPEX | 10-K-based Bound (3) CAPEX |
|--------------------------|--|--|----------------------------------|
| Bound × Sensitive × Post | -0.025*** (-2.91) | -0.058*** (-3.02) | -0.026*** (-2.74) |
| Bound × Post | 0.009 (0.79) | 0.001 (0.07) | 0.001 (0.23) |
| Bound × Sensitive | 0.030*** (3.78) | 0.067*** (4.35) | 0.043*** (4.16) |
| Sensitive × Post | -0.010 (-1.64) | 0.005 (0.41) | -0.001 (-0.16) |
| Includes Controls | Yes | Yes | Yes |
| Firm FE | Yes | Yes | Yes |
| State × Year FE | Yes | Yes | Yes |
| Adj. R-squared | 0.397 | 0.427 | 0.476 |
| Observations | 10,679 | 9,347 | 32,731 |