

Table 1: Estimated values by industry.

Industry	Fraction Noncorporate	Corporate Expected Return	Corp. expected Return	$\sigma_i^2 = 0.034$		$\sigma_i^2 = 0.068$		Efficiency Cost per \$ Tax Revenue
				Noncorporate non-tax cost	Noncorp. non-tax plus risk cost	Noncorporate non-tax cost	Noncorp. non-tax plus risk cost	
Agri, Farm, Fish	0.87	0.132	0.129	0.025	0.032	0.021	0.028	1.491
Mining	0.30	0.286	0.288	0.132	0.136	0.127	0.130	0.245
Construct	0.46	0.099	0.097	0.023	0.027	0.018	0.022	0.247
Mfg	0.04	0.118	0.114	0.042	0.042	0.038	0.038	0.0143
Trans	0.04	0.075	0.073	0.017	0.017	0.014	0.014	0.0149
Trade	0.28	0.143	0.138	0.041	0.047	0.030	0.036	0.173
Finance	0.39	0.063	0.058	-0.011	0.005	-0.035	-0.019	0.0188
Services	0.39	0.121	0.117	0.041	0.045	0.038	0.042	0.223

Notes:  $\sigma_i^2$  is the additional nondiversifiable risk associated with noncorporate equity. The efficiency cost (column 8) is calculated using  $\sigma_i^2 = 0.034$ .