

Taxpayer Migration across States: Evidence from the IRS

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IRS Migration Data

- Tracks the year-to-year address changes reported on individual income tax forms filed with the IRS
- Caveats:
 - AGI is taken from when the return is filed
 - Taxpayer could have had high AGI in 11 months of the year in one state, moved to another, retired and had low income in the final month
 - Does not capture those who do not file income tax returns
 - Data is not state-apportioned
 - Example: Taxpayer who lives in NH and works part-time in VT
 - If they move to Vermont, that taxpayer with their entire AGI is counted as having moved to VT.
 - AGIs can be skewed by one-time years

Vermont Migration (2012-2016)

Taxpayer Migration for Vermont (2012-2016)										
	Total Migration			Average AGI			Total AGI (in millions)			
	Outflow	Inflow	Net Migration	Outflow	Inflow	Difference	Outflow	Inflow	Difference	
New York	5,752	6,907	1,155	\$47,091	\$57,905	\$10,814	\$270.9	\$400.0	\$129.1	
Connecticut	1,594	2,294	700	\$58,383	\$74,402	\$16,019	\$93.1	\$170.7	\$77.6	
New Jersey	841	1,375	534	\$67,254	\$87,232	\$19,978	\$56.6	\$119.9	\$63.4	
Massachusetts	5,246	5,579	333	\$50,017	\$59,296	\$9,279	\$262.4	\$330.8	\$68.4	
Pennsylvania	1,204	1,432	228	\$47,575	\$54,094	\$6,520	\$57.3	\$77.5	\$20.2	
South Carolina	931	486	-445	\$66,583	\$44,895	-\$21,688	\$62.0	\$21.8	-\$40.2	
California	2,344	1,897	-447	\$52,057	\$67,285	\$15,227	\$122.0	\$127.6	\$5.6	
Colorado	1,430	927	-503	\$41,839	\$50,752	\$8,913	\$59.8	\$47.0	-\$12.8	
North Carolina	1,858	1,062	-796	\$50,081	\$45,631	-\$4,450	\$93.1	\$48.5	-\$44.6	
Florida	4,930	3,161	-1,769	\$93,385	\$40,406	-\$52,979	\$460.4	\$127.7	-\$332.7	
New Hampshire	6,317	6,053	-264	\$50,805	\$41,640	-\$9,165	\$320.9	\$252.0	-\$68.9	
Nevada	244	167	-77	\$56,881	\$43,216	-\$13,666	\$13.9	\$7.2	-\$6.7	
Arizona	763	559	-204	\$59,326	\$55,766	-\$3,561	\$45.3	\$31.2	-\$14.1	
Nevada	244	167	-77	\$56,881	\$43,216	-\$13,666	\$13.9	\$7.2	-\$6.7	
Washington	836	534	-302	\$45,374	\$44,886	-\$489	\$37.9	\$24.0	-\$14.0	
Texas	1,261	1,008	-253	\$53,839	\$58,385	\$4,546	\$67.9	\$58.9	-\$9.0	
Total	47,708	43,696	-4,012	\$55,880	\$54,809	-\$1,071	\$2,665.9	\$2,394.9	-\$271.0	

New Hampshire Migration (2012-2016)

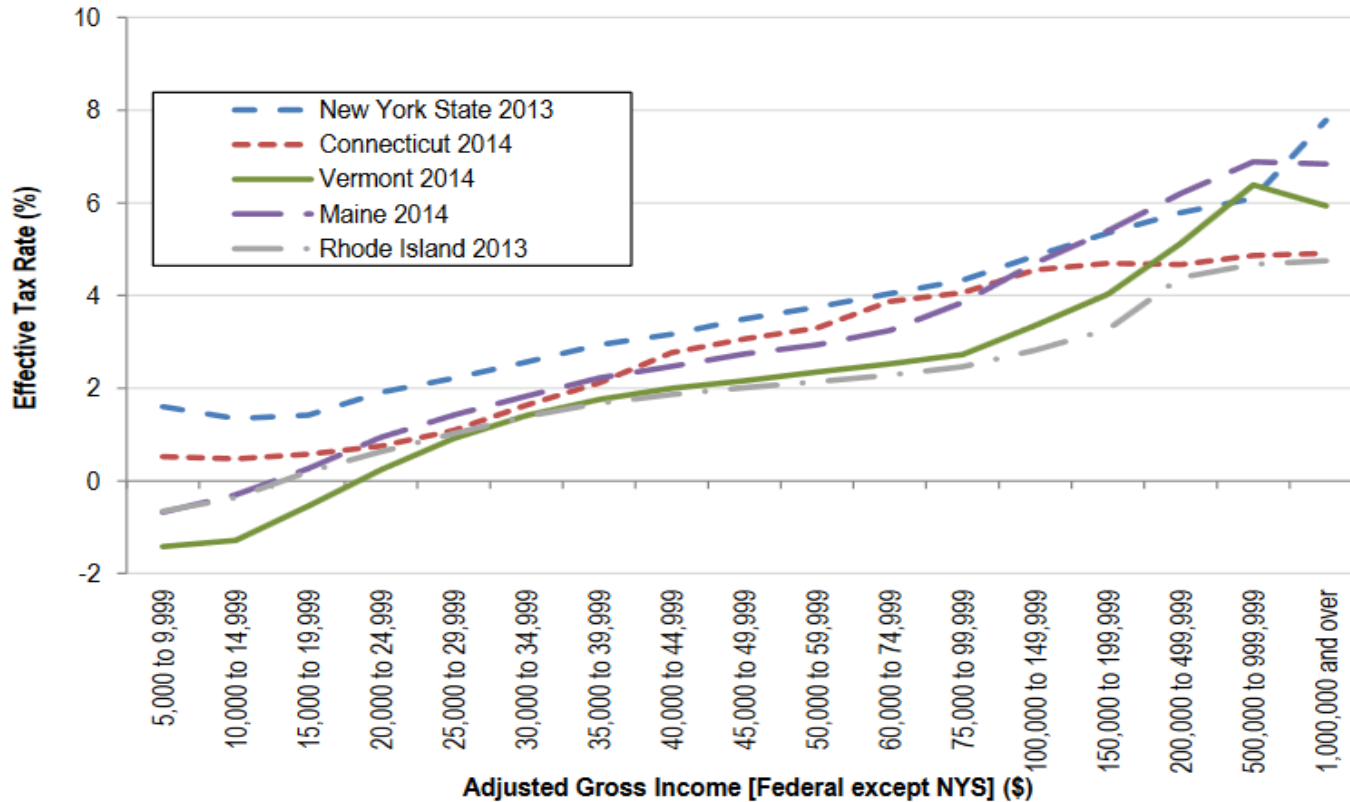
Taxpayer Migration for New Hampshire (2012-2016)											
	Total Migration				Average AGI				Total AGI (in millions)		
	Outflow	Inflow	Net Migration		Outflow	Inflow	Difference		Outflow	Inflow	Difference
Massachusetts	28,706	37,935	9,229	\$64,030	\$71,498	\$7,468	\$1,838.0	\$2,712.3	\$874.2		
New York	4,611	5,895	1,284	\$53,924	\$84,043	\$30,119	\$248.6	\$495.4	\$246.8		
Connecticut	2,402	3,617	1,215	\$78,779	\$115,550	\$36,771	\$189.2	\$417.9	\$228.7		
New Jersey	1,326	2,005	679	\$82,219	\$94,966	\$12,747	\$109.0	\$190.4	\$81.4		
Rhode Island	1,337	1,688	351	\$53,505	\$65,835	\$12,330	\$71.5	\$111.1	\$39.6		
South Carolina	1,789	962	-827	\$61,787	\$48,055	-\$13,732	\$110.5	\$46.2	-\$64.3		
Texas	3,632	2,668	-964	\$65,081	\$65,103	\$23	\$236.4	\$173.7	-\$62.7		
California	4,535	3,567	-968	\$75,635	\$106,335	\$30,700	\$343.0	\$379.3	\$36.3		
North Carolina	3,266	1,986	-1,280	\$137,710	\$48,408	-\$89,302	\$449.8	\$96.1	-\$353.6		
Florida	12,160	8,207	-3,953	\$79,742	\$45,209	-\$34,533	\$969.7	\$371.0	-\$598.6		
Vermont	6,053	6,317	264	\$41,640	\$50,805	\$9,165	\$252.0	\$320.9	\$68.9		
Nevada	594	430	-164	\$70,140	\$54,647	-\$15,493	\$41.7	\$23.5	-\$18.2		
Arizona	1,508	1,243	-265	\$74,265	\$48,813	-\$25,451	\$112.0	\$60.7	-\$51.3		
Nevada	594	430	-164	\$70,140	\$54,647	-\$15,493	\$41.7	\$23.5	-\$18.2		
Washington	1,320	920	-400	\$55,915	\$56,263	\$348	\$73.8	\$51.8	-\$22.0		
South Dakota	106	117	11	\$65,396	\$47,120	-\$18,277	\$6.9	\$5.5	-\$1.4		
Total	102,961	105,072	2,111	\$64,878	\$68,229	\$3,351	\$6,679.9	\$7,168.9	\$489.0		

Maine Migration (2012-2016)

Taxpayer Migration for Maine (2012-2016)										
	Total Migration			Average AGI			Total AGI (in millions)			
	Outflow	Inflow	Net Migration	Outflow	Inflow	Difference	Outflow	Inflow	Difference	
Massachusetts	8,267	11,214	2,947	\$52,466	\$70,469	\$18,003	\$433.7	\$790.2	\$356.5	
New York	3,614	4,918	1,304	\$51,903	\$69,859	\$17,955	\$187.6	\$343.6	\$156.0	
Connecticut	1,935	3,200	1,265	\$50,427	\$67,430	\$17,003	\$97.6	\$215.8	\$118.2	
New Hampshire	8,767	9,505	738	\$51,587	\$47,818	-\$3,769	\$452.3	\$454.5	\$2.2	
New Jersey	976	1,682	706	\$56,167	\$76,790	\$20,623	\$54.8	\$129.2	\$74.3	
Georgia	1,471	1,177	-294	\$48,988	\$51,713	\$2,724	\$72.1	\$60.9	-\$11.2	
South Carolina	1,339	829	-510	\$55,285	\$52,100	-\$3,184	\$74.0	\$43.2	-\$30.8	
Texas	2,822	2,254	-568	\$47,420	\$53,931	\$6,511	\$133.8	\$121.6	-\$12.3	
North Carolina	2,548	1,908	-640	\$54,597	\$46,932	-\$7,665	\$139.1	\$89.5	-\$49.6	
Florida	10,852	7,306	-3,546	\$77,791	\$44,036	-\$33,755	\$844.2	\$321.7	-\$522.5	
Vermont	1,227	1,663	436	\$41,385	\$46,634	\$5,250	\$50.8	\$77.6	\$26.8	
Nevada	411	326	-85	\$42,054	\$39,377	-\$2,676	\$17.3	\$12.8	-\$4.4	
Arizona	1,333	1,059	-274	\$52,093	\$45,861	-\$6,232	\$69.4	\$48.6	-\$20.9	
Nevada	411	326	-85	\$42,054	\$39,377	-\$2,676	\$17.3	\$12.8	-\$4.4	
Washington	1,161	934	-227	\$48,589	\$52,193	\$3,604	\$56.4	\$48.7	-\$7.7	
Texas	2,822	2,254	-568	\$47,420	\$53,931	\$6,511	\$133.8	\$121.6	-\$12.3	
Total	68,499	69,750	1,251	\$54,453	\$58,076	\$3,623	\$3,730.0	\$4,050.8	\$320.8	

Effective Income Tax Rates

Figure 20. Effective Rate Comparison by AGI Level for the New England States and New York, Tax Liability as a Percentage of Federal AGI, 2013 and 2014



Note: Massachusetts: 4.5% to 5% towards higher incomes

Conclusions: VT and NH

- According to this data:
 - Vermont has lost taxpayers and income over the years
 - In-migrants largely come from regional states and have higher incomes than out-migrants of those same states
 - Out-migrants are to warmer, low-tax destinations.
 - Florida is the main state and accounts for a large loss in income
 - Out-migrants to Florida are on average higher income than in-migrants
 - New Hampshire has nearly the same issues
 - In-migrant numbers buoyed by Massachusetts in-migrants
 - Loses taxpayers to Florida and other low-tax states at an equal or greater rate than VT
 - Out-migrants to Florida are not as high income as VT's, but its out-migrants to NC are higher income than ours

Something about Florida...

- Vermont, Maine, and New Hampshire all lose taxpayers to Florida despite having very different tax systems
- **“Millionaire Migration and Taxation of the Elite: Evidence from Administrative Data”** by Cristobal Young, Charles Varner, Ithai Z. Lurie, and Richard Prisinzanob.
 - “We find that millionaire tax flight is occurring, but only at the margins of statistical and socioeconomic significance”
 - “Outside of Florida, differences in tax rates between states have no effect on elite migration.”
 - “Other low-tax states, such as Texas, Tennessee, and New Hampshire, do not draw away millionaires from high-tax states.”