

# Millionaire Migration and the Taxation of Top Incomes

*Evidence from Big Administrative Data*

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**Dept of Sociology  
Cornell University**



# Case Study: The New Jersey Millionaire Tax (2004)



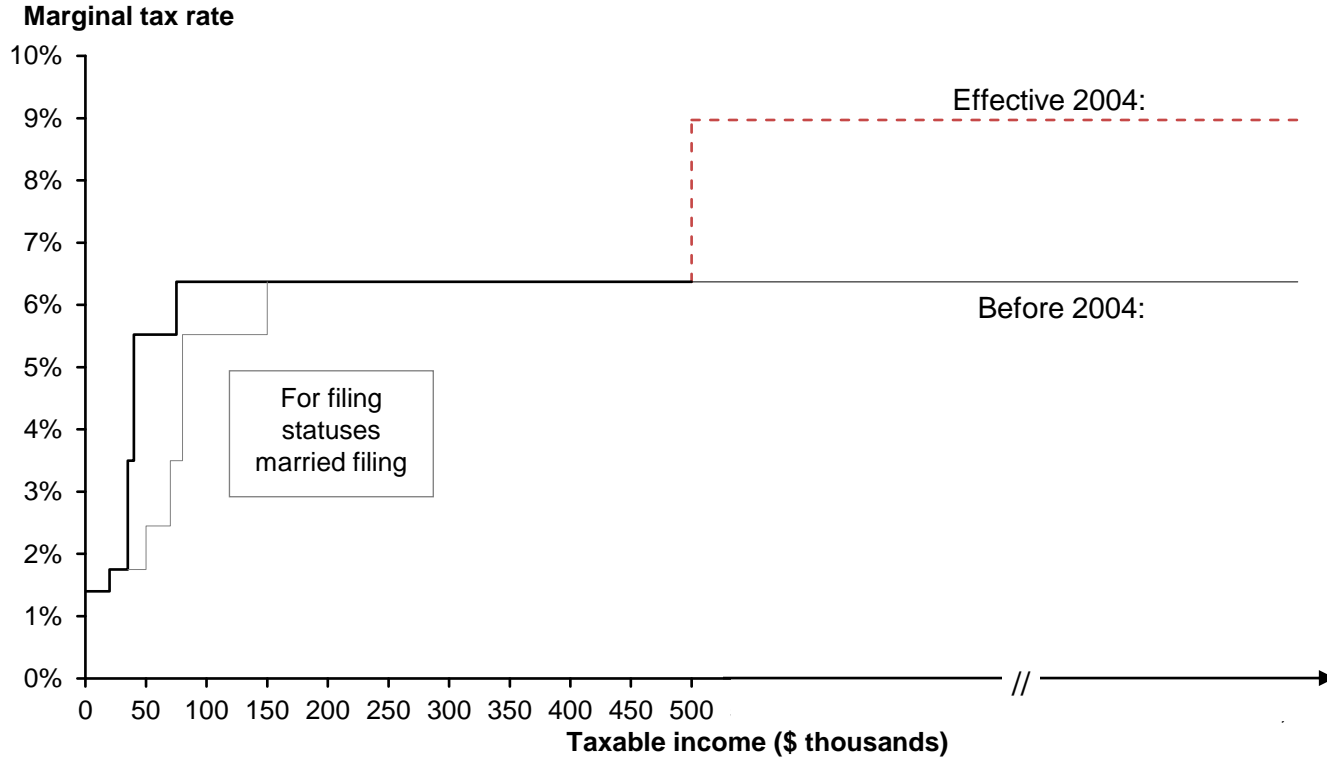
*National Tax Journal*, June 2011, 64 (2, Part 1), 255–284

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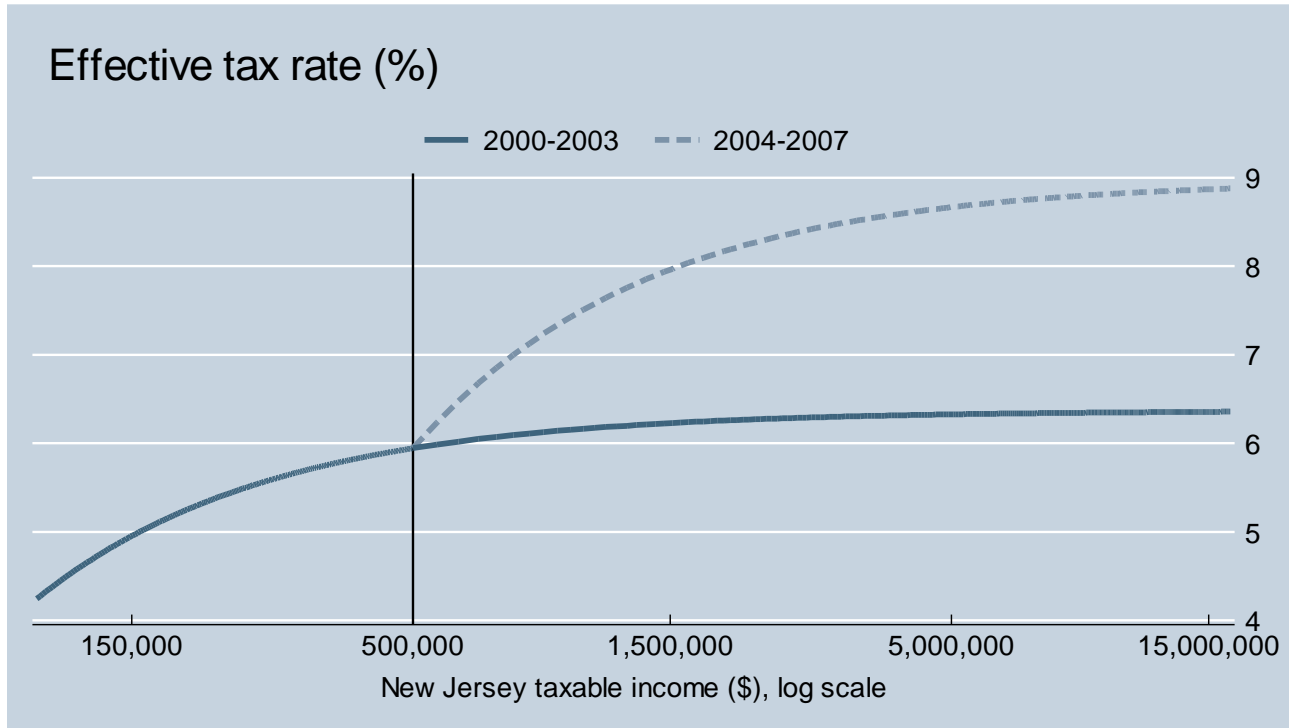
## ***MILLIONAIRE MIGRATION AND STATE TAXATION OF TOP INCOMES: EVIDENCE FROM A NATURAL EXPERIMENT***

Cristobal Young and Charles Varner

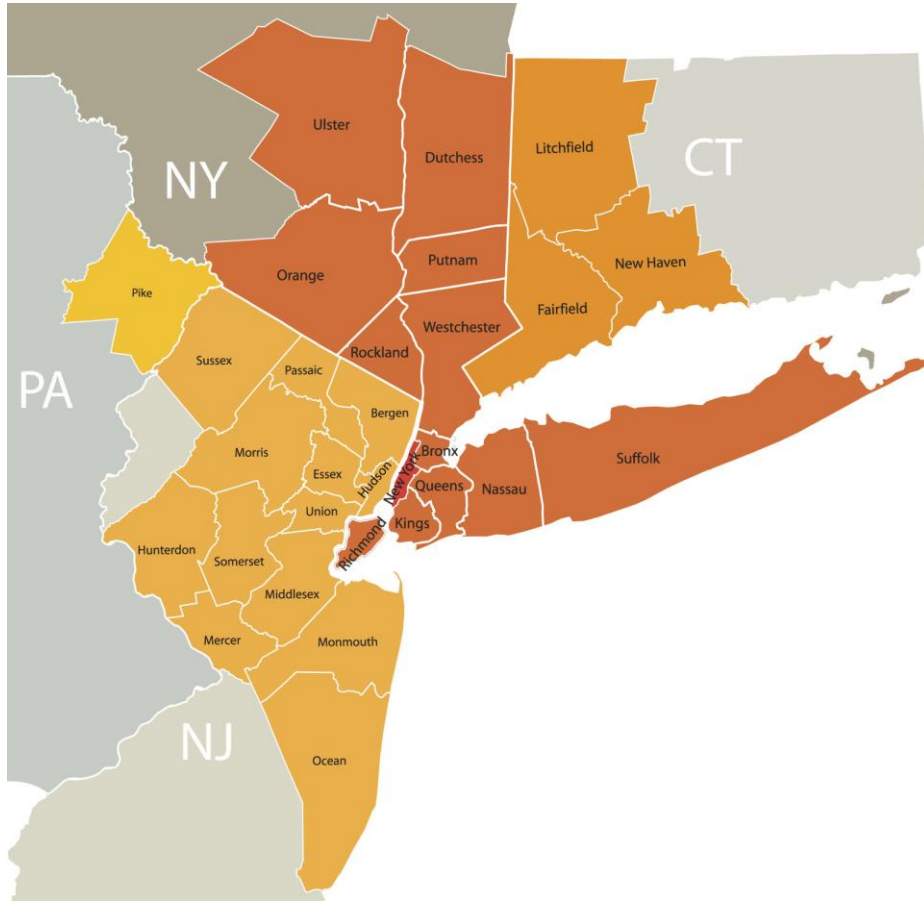
# New Jersey marginal tax rates



# NJ effective individual income tax rates



# New York Metro Area



Top Tax Rates in NY  
Metro Area:

5 boroughs: 10.5%

New Jersey: 8.97%

New York: 6.85%

Connecticut: 5.0%

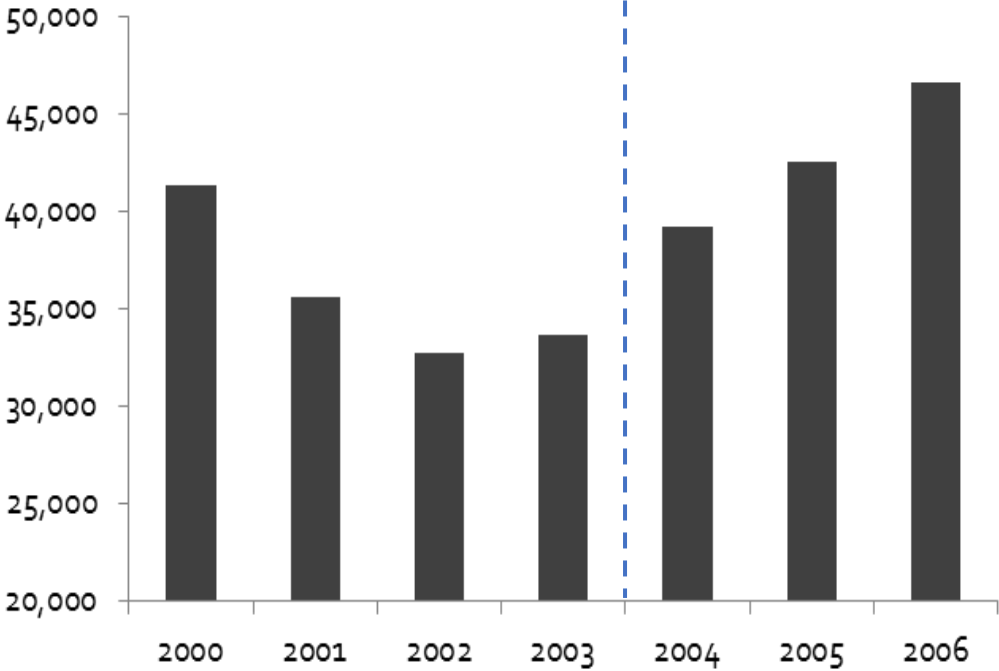
Pennsylvania: 3.07%

“Ladies and Gentlemen,  
if you tax them, **they will leave.**”

NJ Governor  
Chris Christie

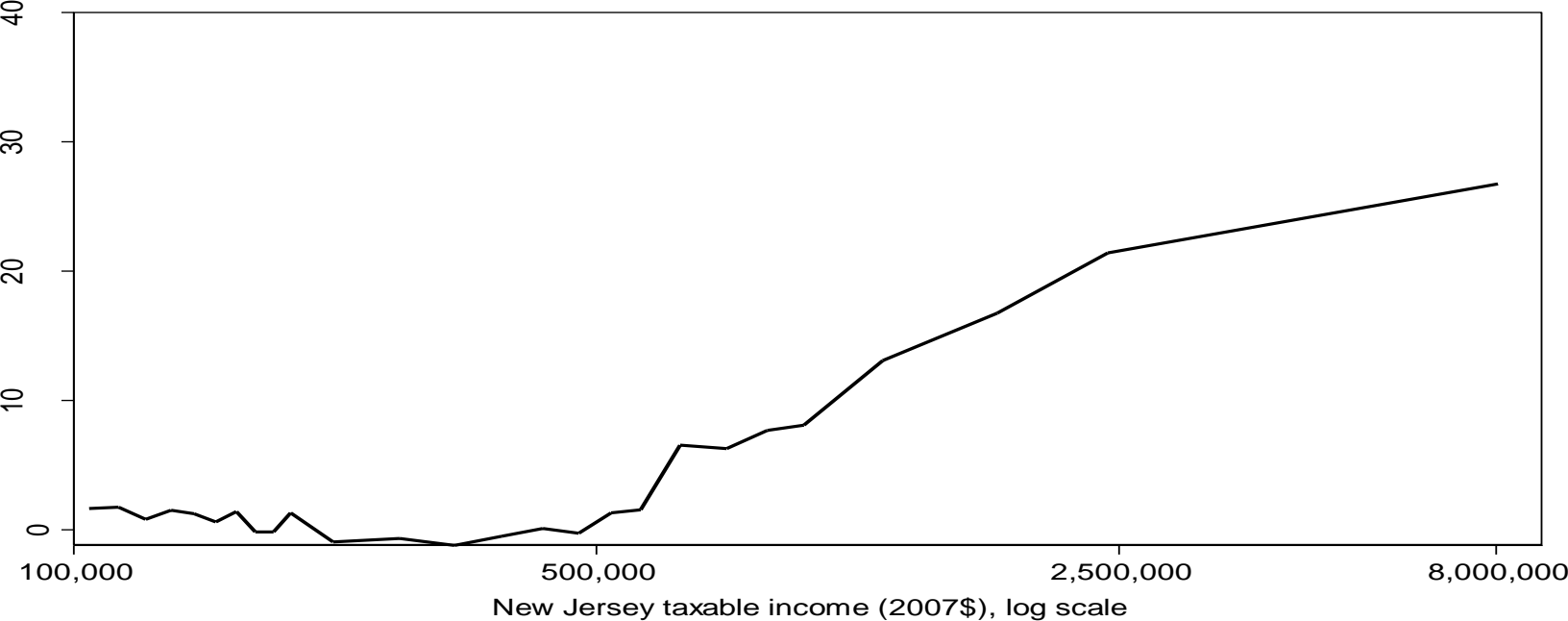


# Growing Millionaire Population

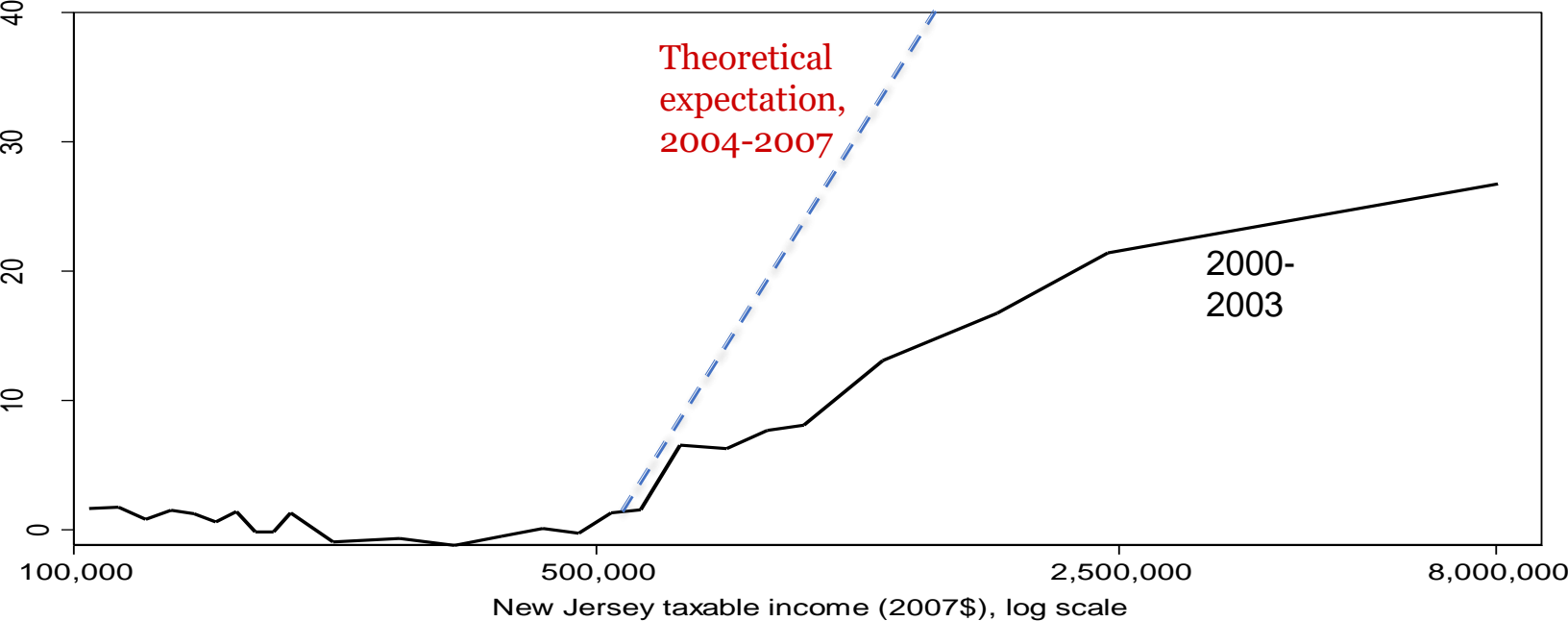


**+ 35%**  
since 2003

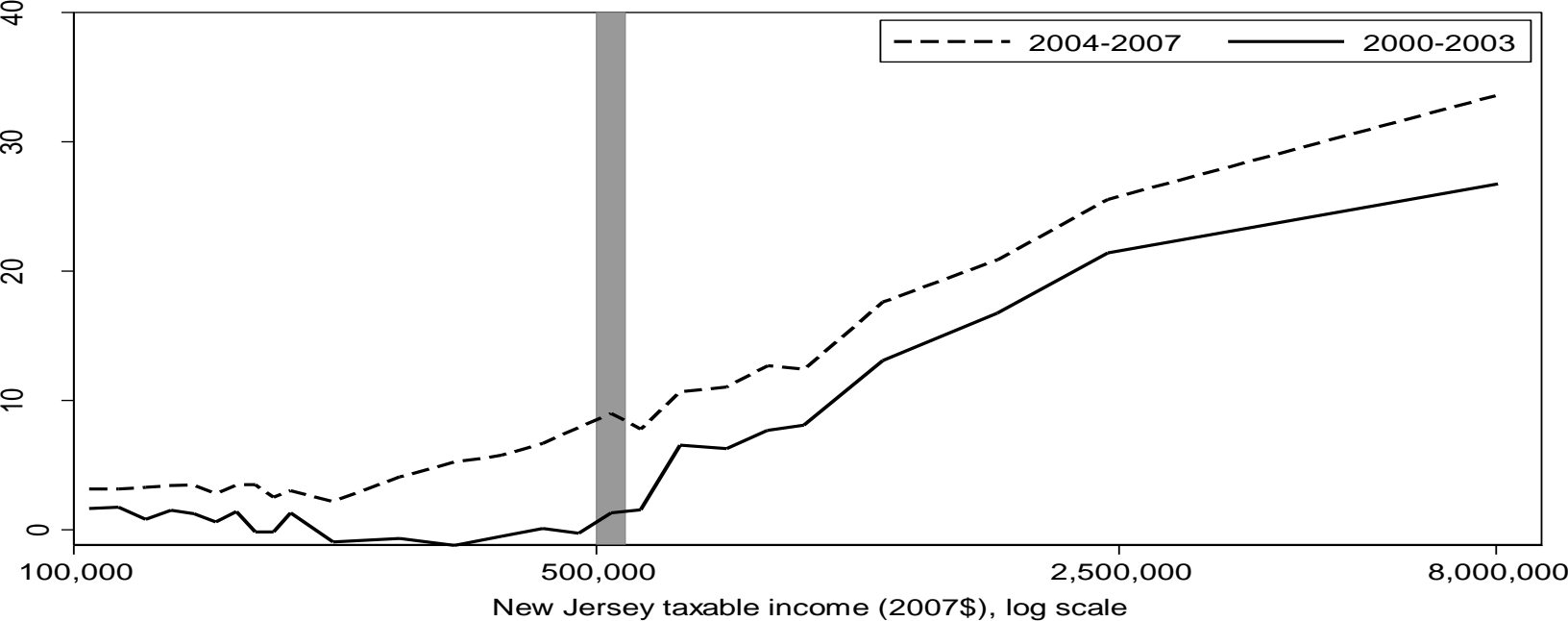
# Net out-migrants per thousand households, by income, 2000-2003



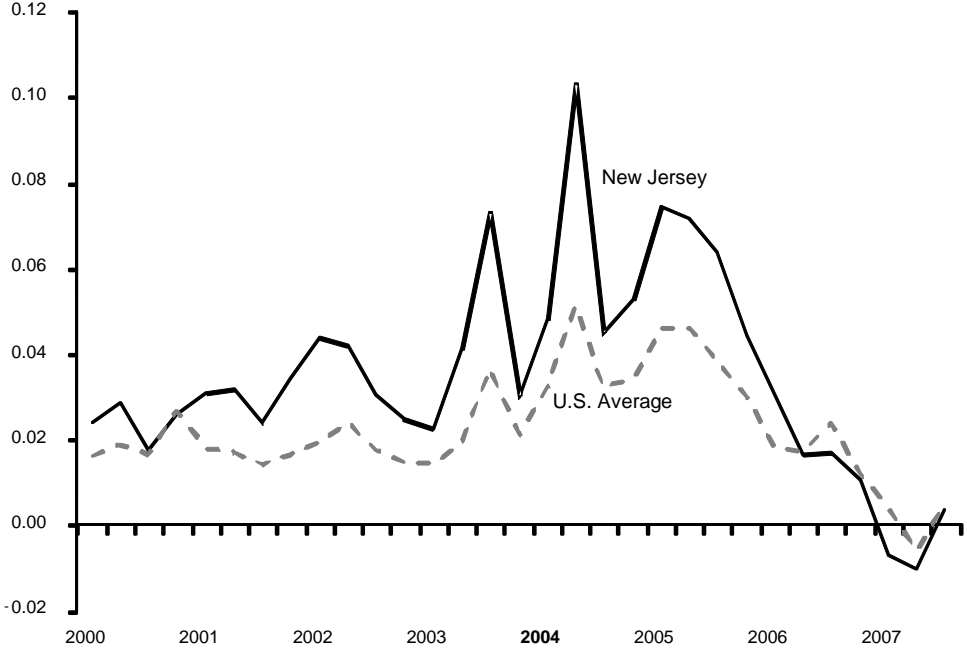
# Net out-migrants per thousand households, by income, 2000-2003



# Shift in Migration after the new tax



# Housing Price Index for New Jersey and the United States



Source: Federal Housing Finance Agency, All Transactions Index

# Key Findings from “Most Likely” NJ Case

- 1) Growing millionaire population, even with some out-migration

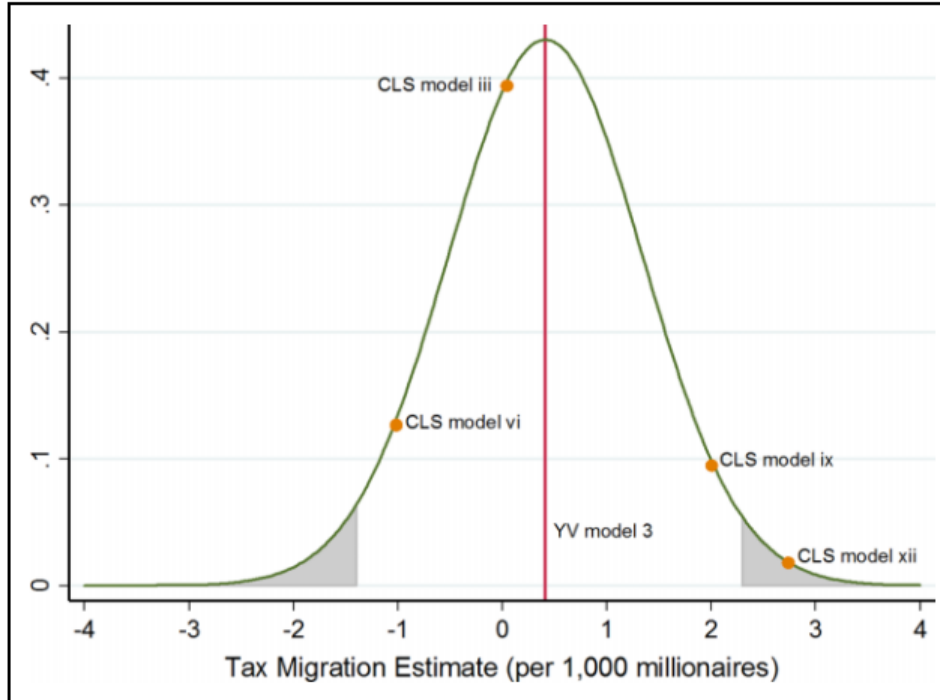
# Key Findings from “Most Likely” NJ Case

- 1) Growing millionaire population, even with some out-migration
- 2) Tax flight estimate: 1 per 2,000 millionaires moved for tax reasons

# Key Findings from “Most Likely” NJ Case

- 1) Growing millionaire population, even with some out-migration
- 2) Tax flight estimate: 1 per 2,000 millionaires moved for tax reasons
- 3) \$1 billion in new revenues per year, and modest reduction in after-tax income inequality

# Replication by Gov. Christie's Chief Economist Found Same Results



**Figure I.** Young–Varner baseline estimate, confidence interval, and CLS estimates.

# State-Level Taxes

The “millionaire tax”  
trend:

New Jersey	(2004)
California	(2005)
Maryland	(2008)
New York	(2009)
Wisconsin	(2009)
Oregon	(2009)
Hawaii	(2009)
Connecticut	(2009)
Minnesota	(2013)

States with *No State*  
Income Tax:

Florida
Texas
Tennessee
New Hampshire
Wyoming
Alaska
South Dakota
Nevada
Washington State

*Mobile Millionaires*

*or*

*Embedded Elites ?*





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<http://asr.sagepub.com>



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## Millionaire Migration and Taxation of the Elite: Evidence from Administrative Data

Cristobal Young,<sup>a</sup> Charles Varner,<sup>a</sup>  
Ithai Z. Lurie,<sup>b</sup> and Richard Prisinzano<sup>b</sup>

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## Taxing the Rich: How Incentives and Embeddedness Shape Millionaire Tax Flight<sup>1</sup>

Cristobal Young  
*Cornell University*

Ithai Lurie  
*US Department of the Treasury*

*AJS* Volume 131 Number 2 (September 2025): 1–37



# IRS Data



Individual records for **all** millionaire tax filers, for **all states**, 1999-2011 (updates to 2023)

$N \approx 45,000,000$

**3.7** million unique “millionaires”

# IRS Data



For comparison, pulled a 1% sample of all filers

N (all population)  $\approx 24,000,000$

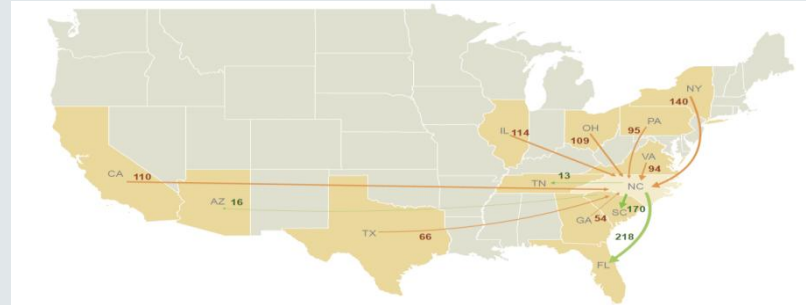
**2.6** million unique tax filers.

Run separate migration analyses for millionaires and the general population

# Measuring Migration



Track people as they **change** the state from which they file their federal tax returns





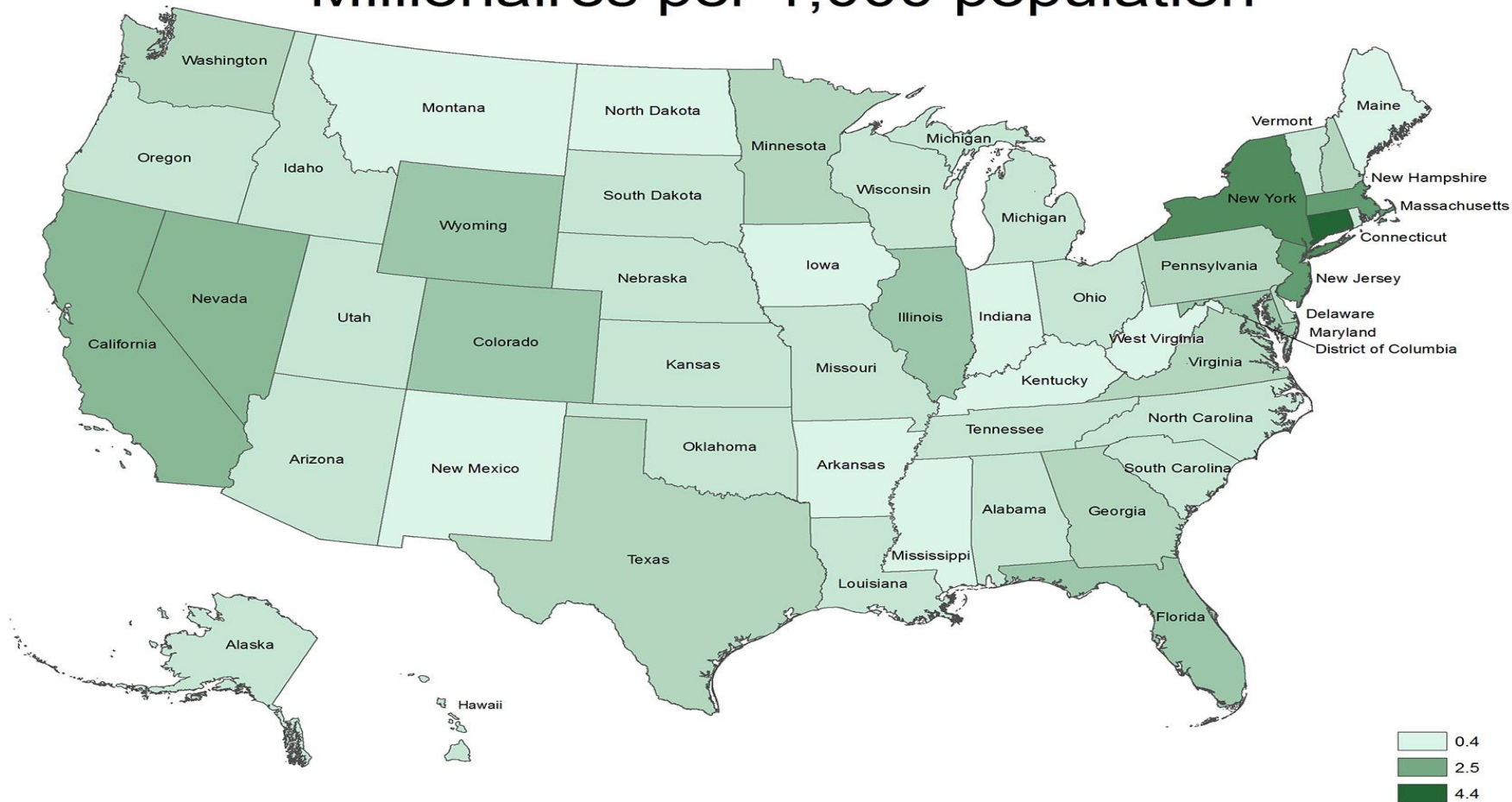
Millionaire Tax Flight:

*Three Basic Questions*

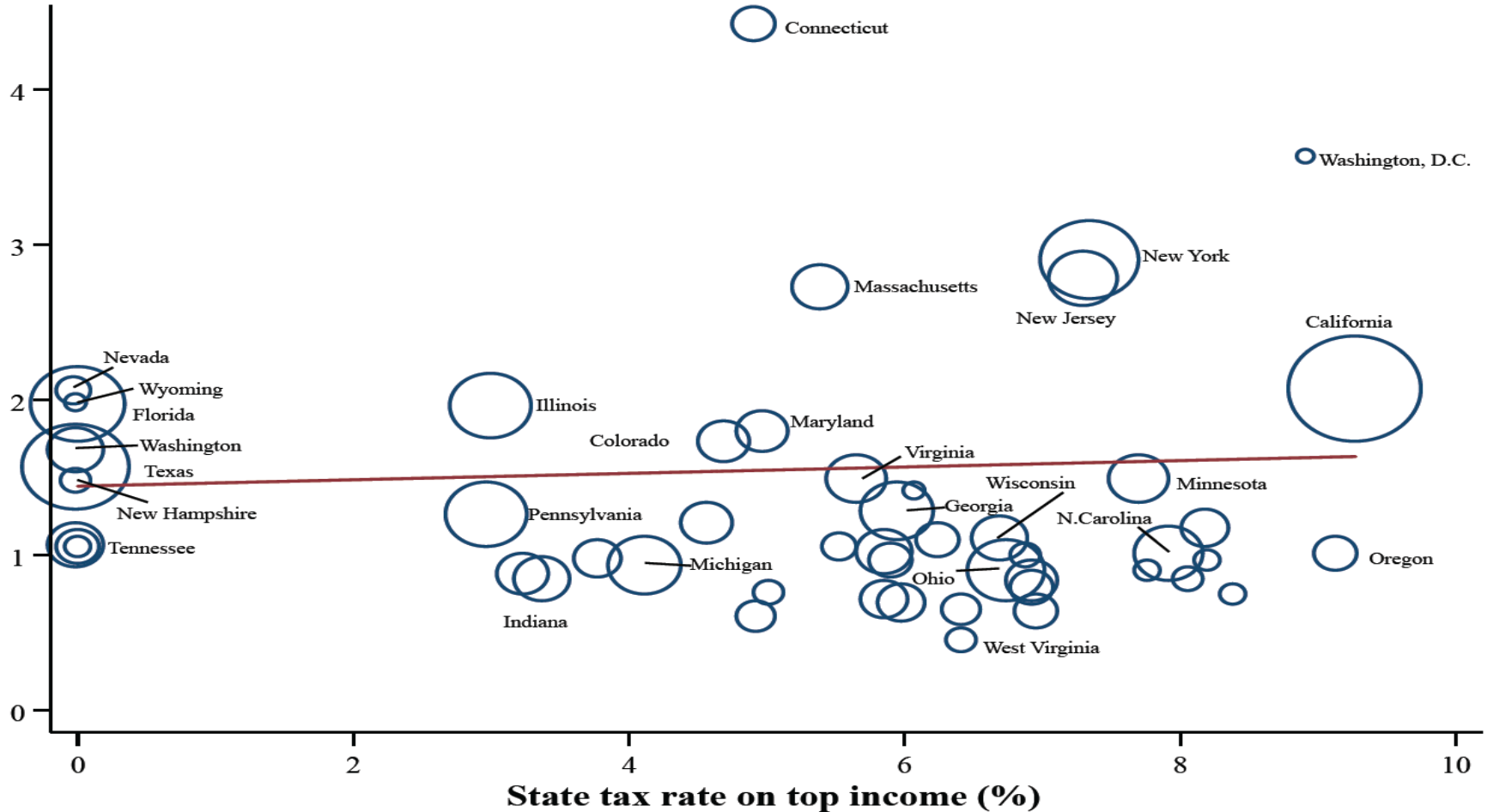


**Q1. Where do Millionaires Live?**

# Millionaires per 1,000 population



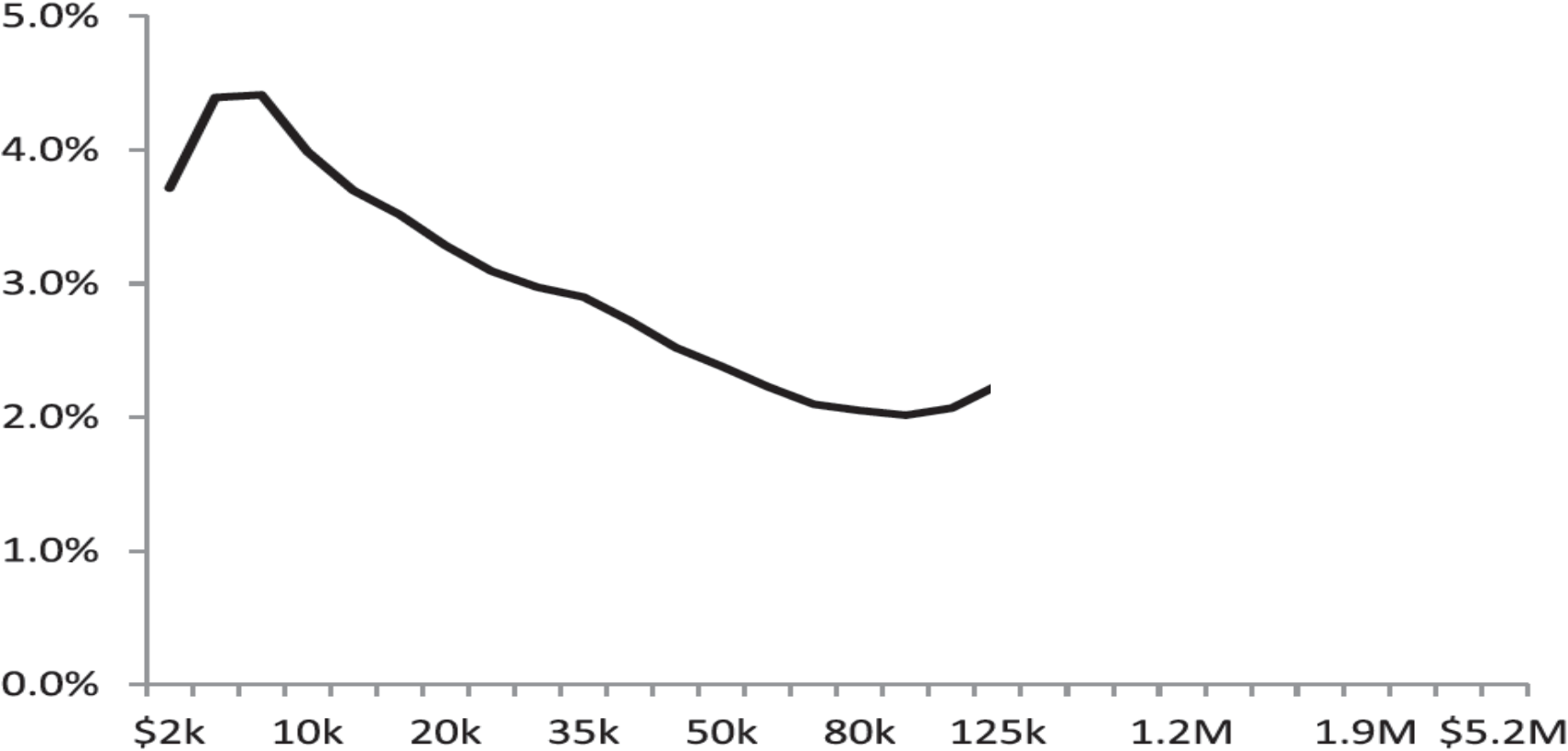
# Millionaires per 1,000 Population



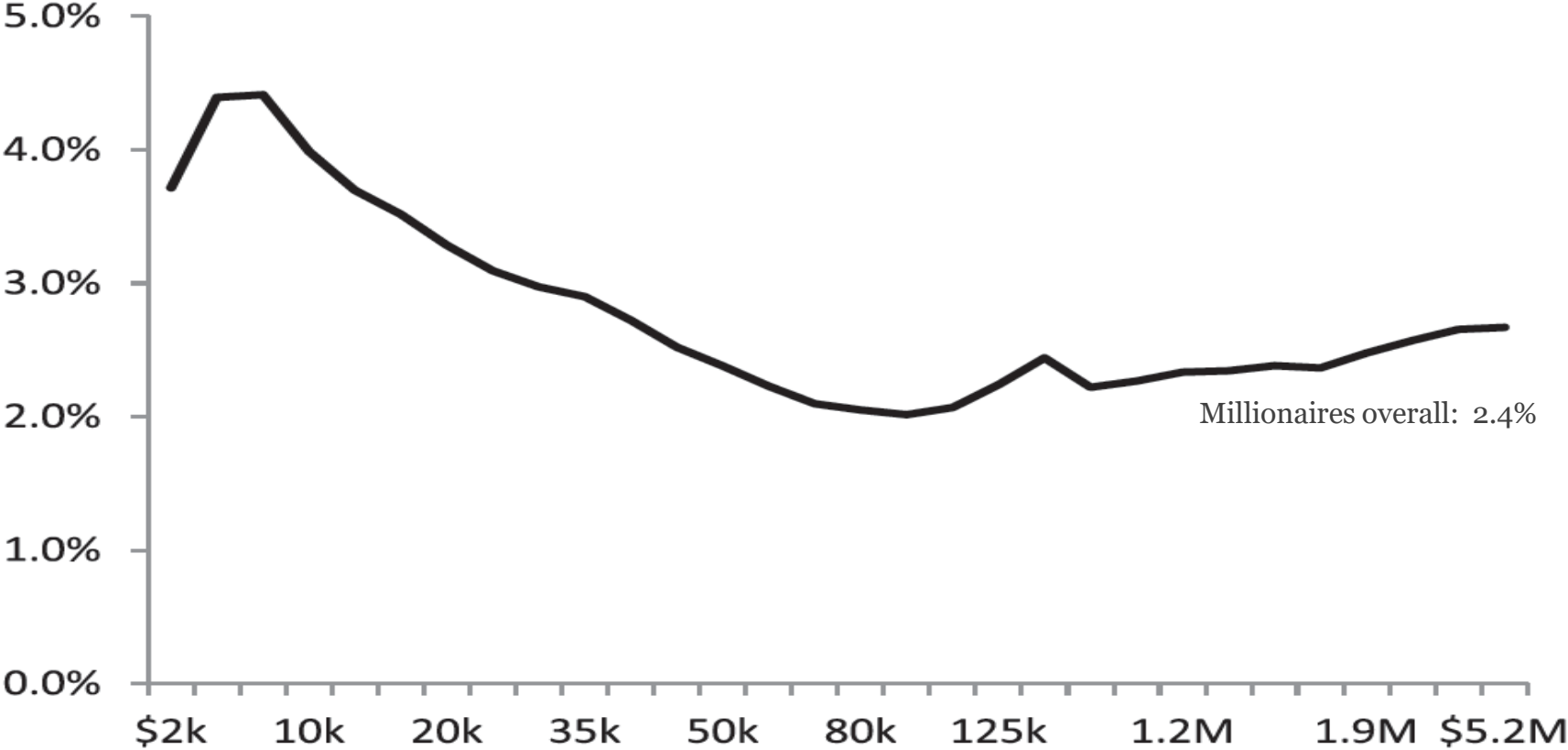


## Q2. Are Millionaires Highly Mobile?

# Migration Rates by Income, 1999-2011



# Migration Rates by Income, 1999-2011





## Q3. How Much *Tax-Induced* Migration?



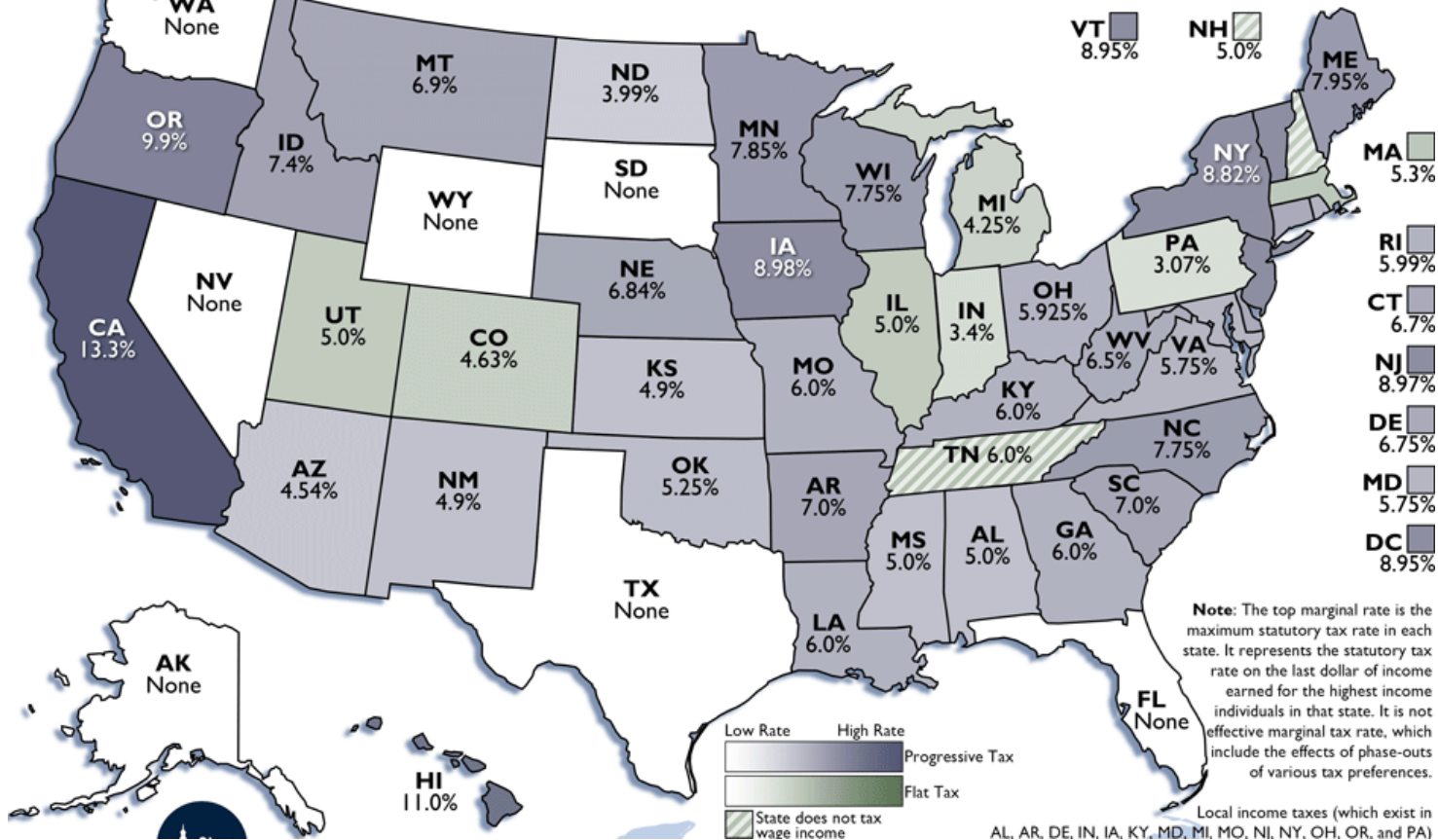
## Q3. How Much *Tax-Induced* Migration?

Do millionaires systematically move  
*from high-tax to low-tax* states?

# Top State Income Tax Rates

Highest Statutory Marginal Income Tax Rate by State, Tax Year 2013

www.TaxFoundation.org

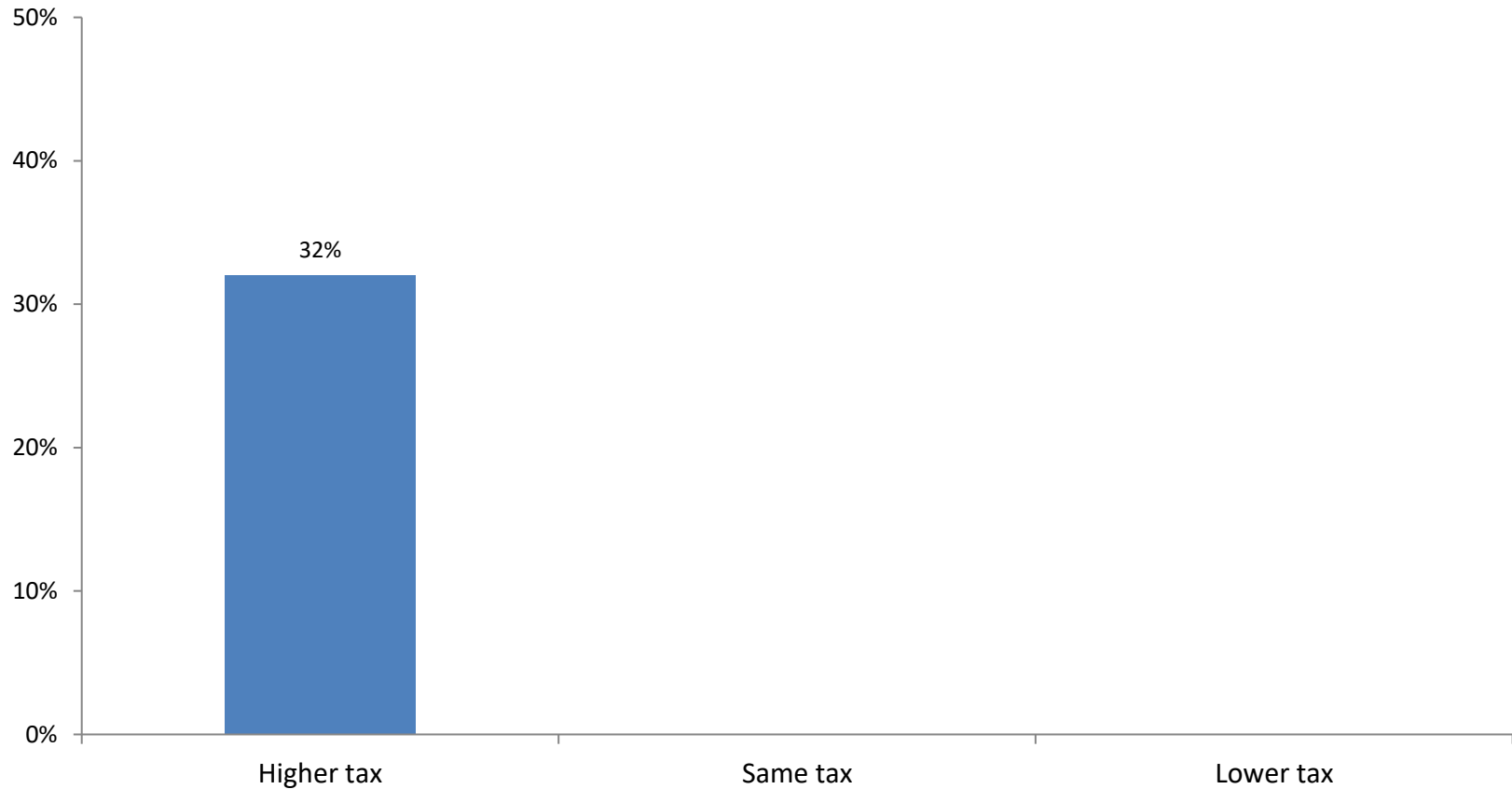


## **Simplified Analysis:**

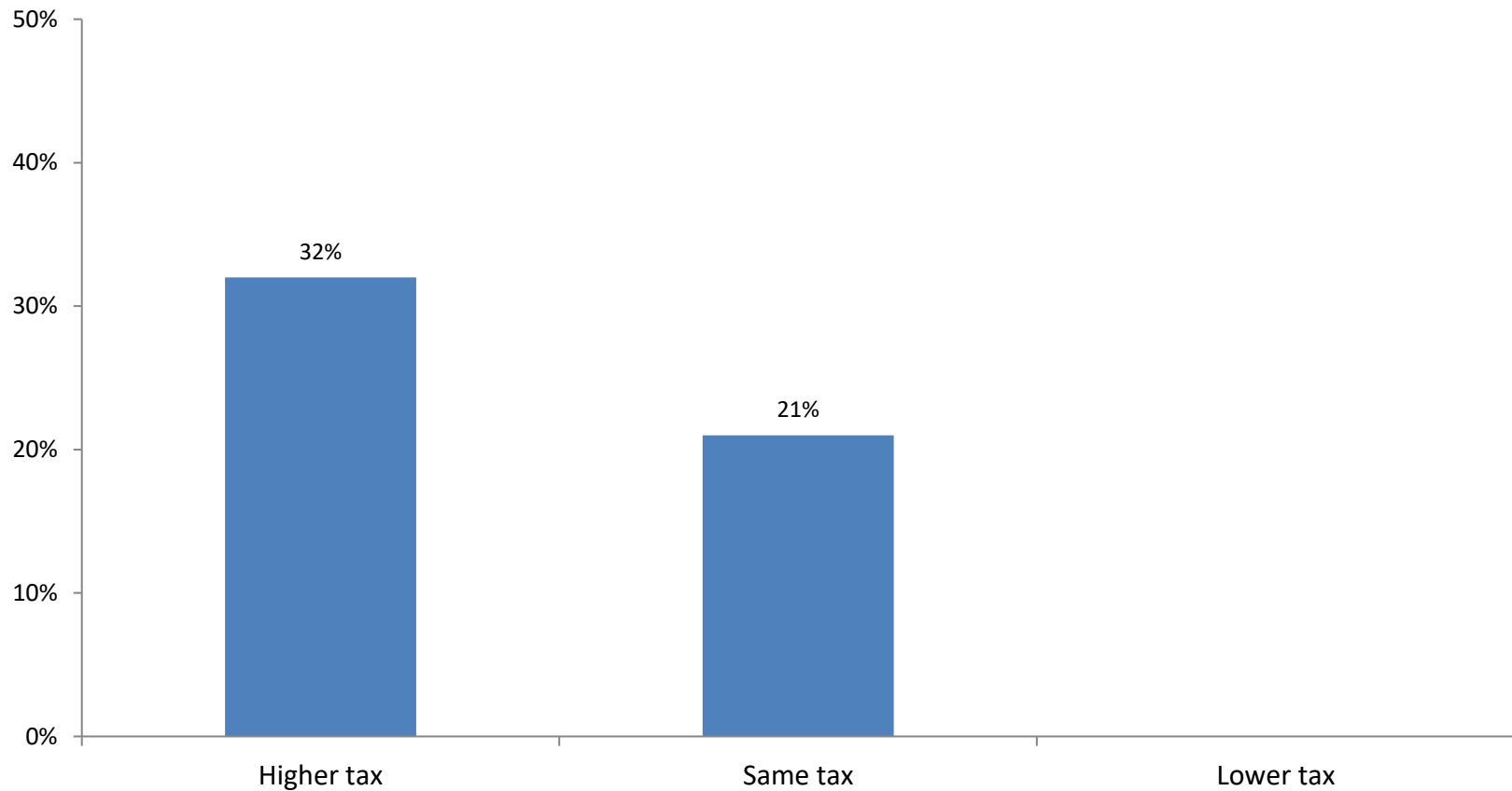
Sort all millionaire movers into three categories:

- (1) Moved to a **higher**-tax state
- (2) Moved to a same-tax state
- (3) Moved to a **lower**-tax state

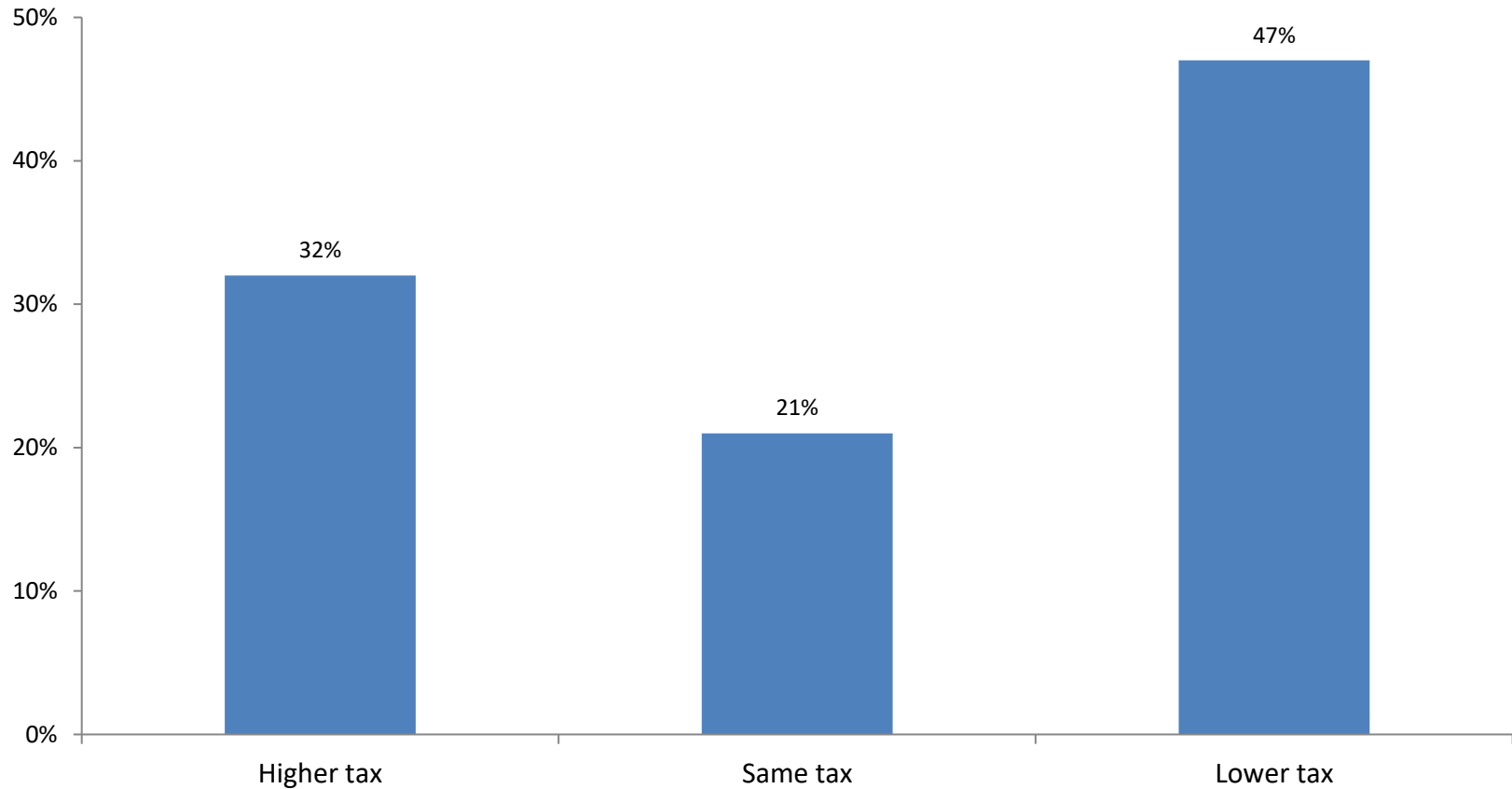
# Moving to Higher-Tax v. Lower-Tax States



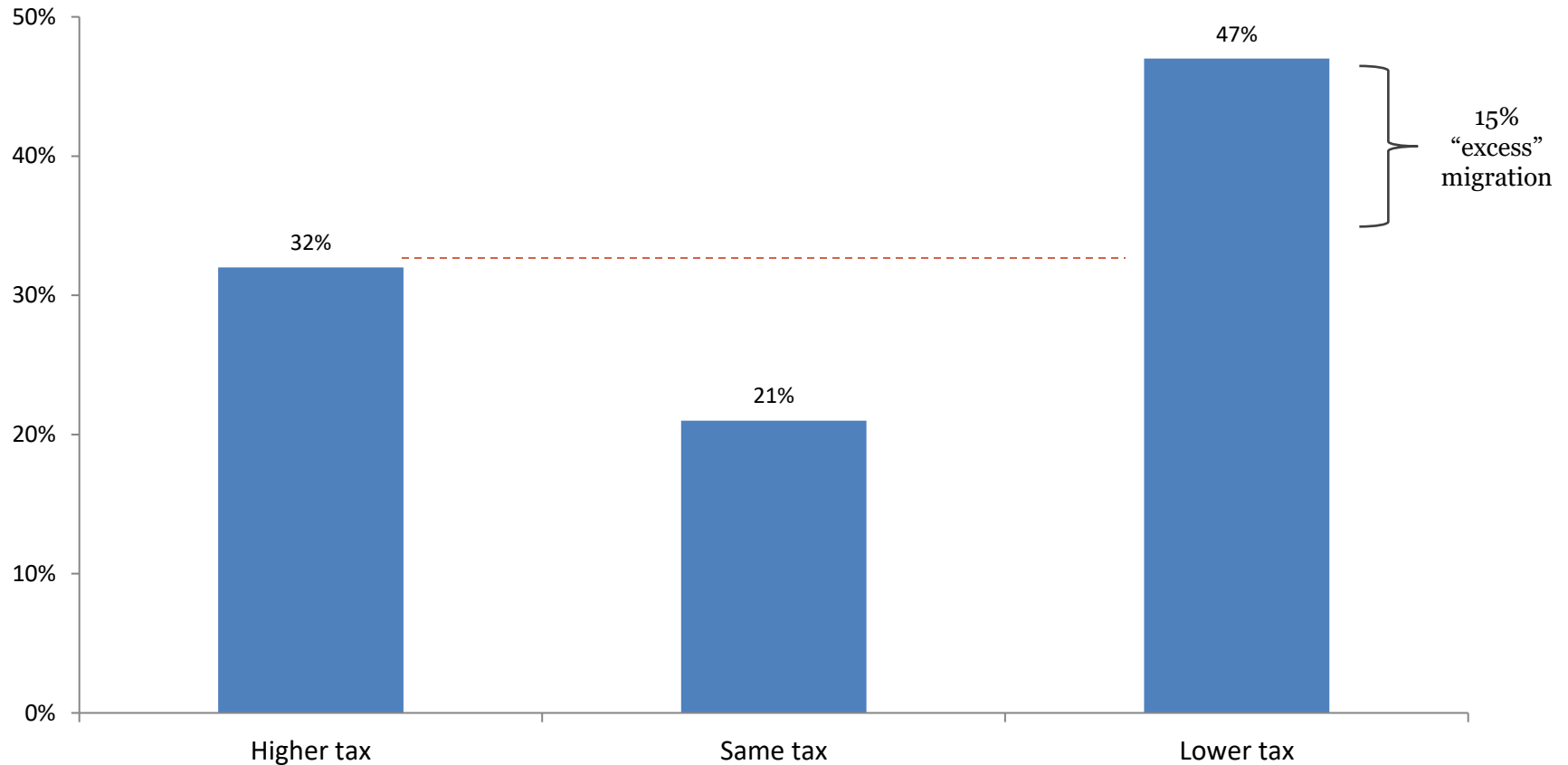
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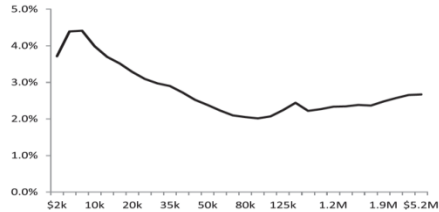
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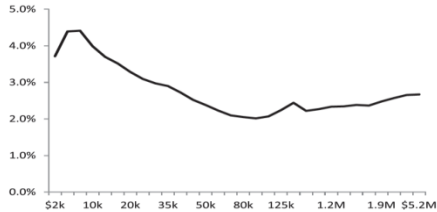
# Millionaire migration rate: 2.4%



15% of 2.4%  $\approx$  tax migration

$\approx$  0.3% millionaire  
*tax-migration* rate

Millionaire migration rate: **2.4%**



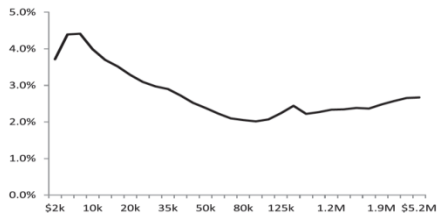
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Between 1999 - 2011:

165,000 millionaire migrations  
20,000 tax-related migrations

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Between 1999 - 2011:

165,000 millionaire migrations  
20,000 tax-related migrations

Enough to feed the  
anecdote mill

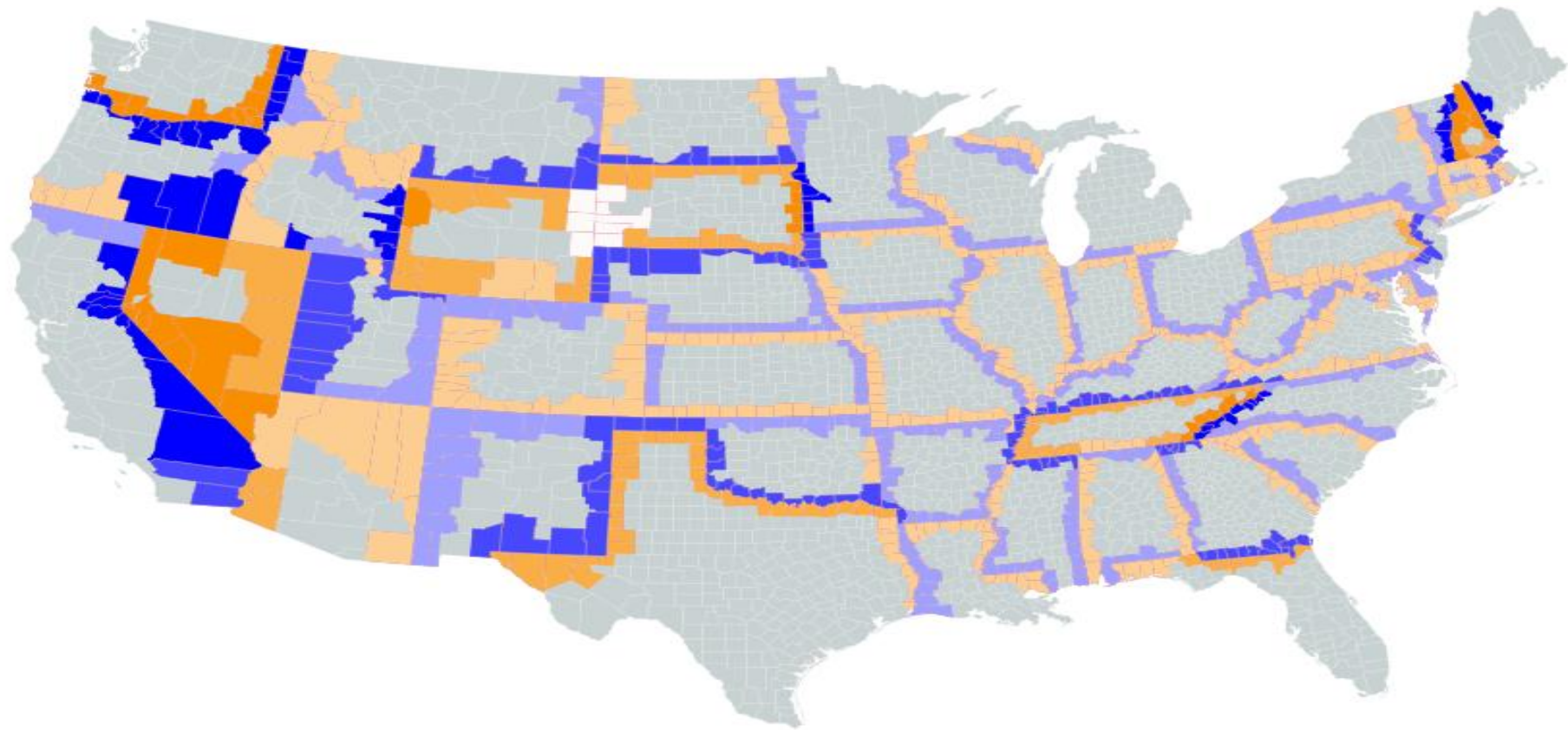
# Border-County Analysis



Goal: Narrow in on a space where geography matters little...

And where tax differences should matter more.

# Border-County Analysis



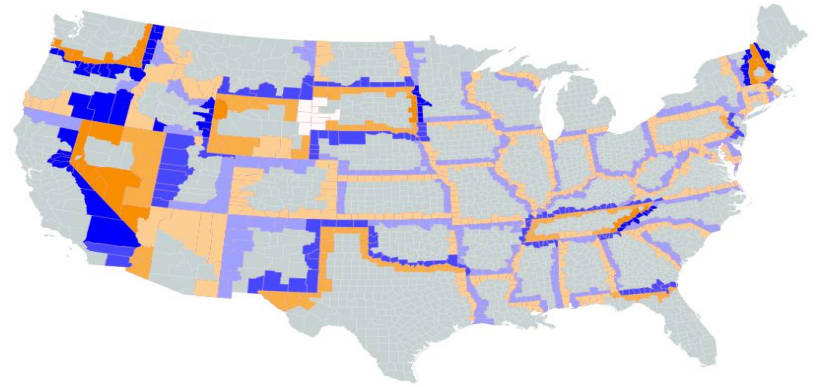
# Border-County Analysis

1,134 border counties

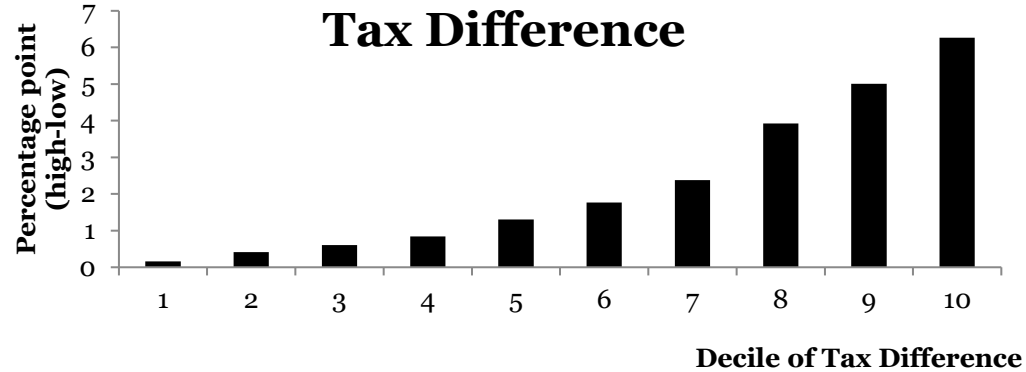
Mean tax diff at the border = 2.3 pp

Range: 0.0 to 7.3 pp

16 years: 1996-2011

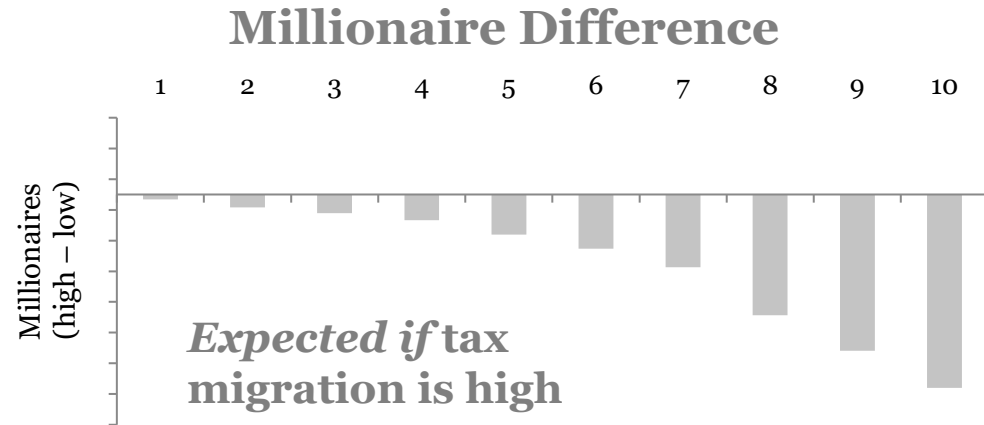
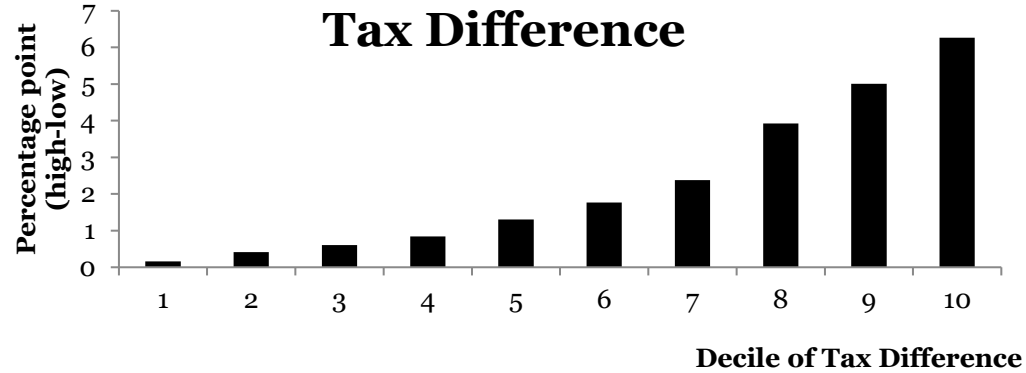


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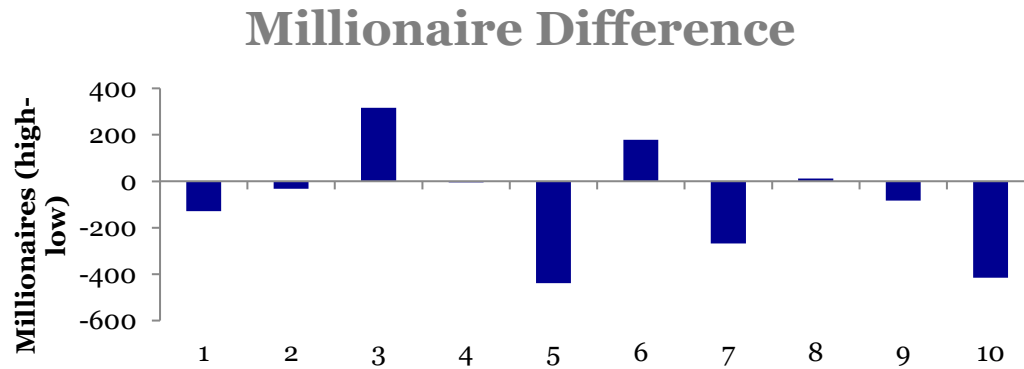
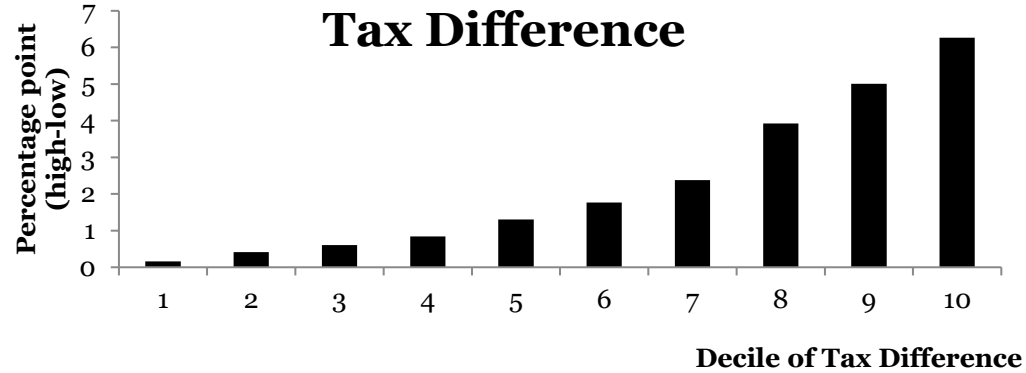


Border counties by tax rate difference

# Border-County Analysis



# Border-County Analysis





# THE MYTH OF MILLIONAIRE TAX FLIGHT

Millionaire tax flight *does* sometimes occur.

The magnitude is small

has little impact on the stock of millionaires in a state

Too small to matter for current tax policy

Part IV:  
Migration is a Young Person's Game

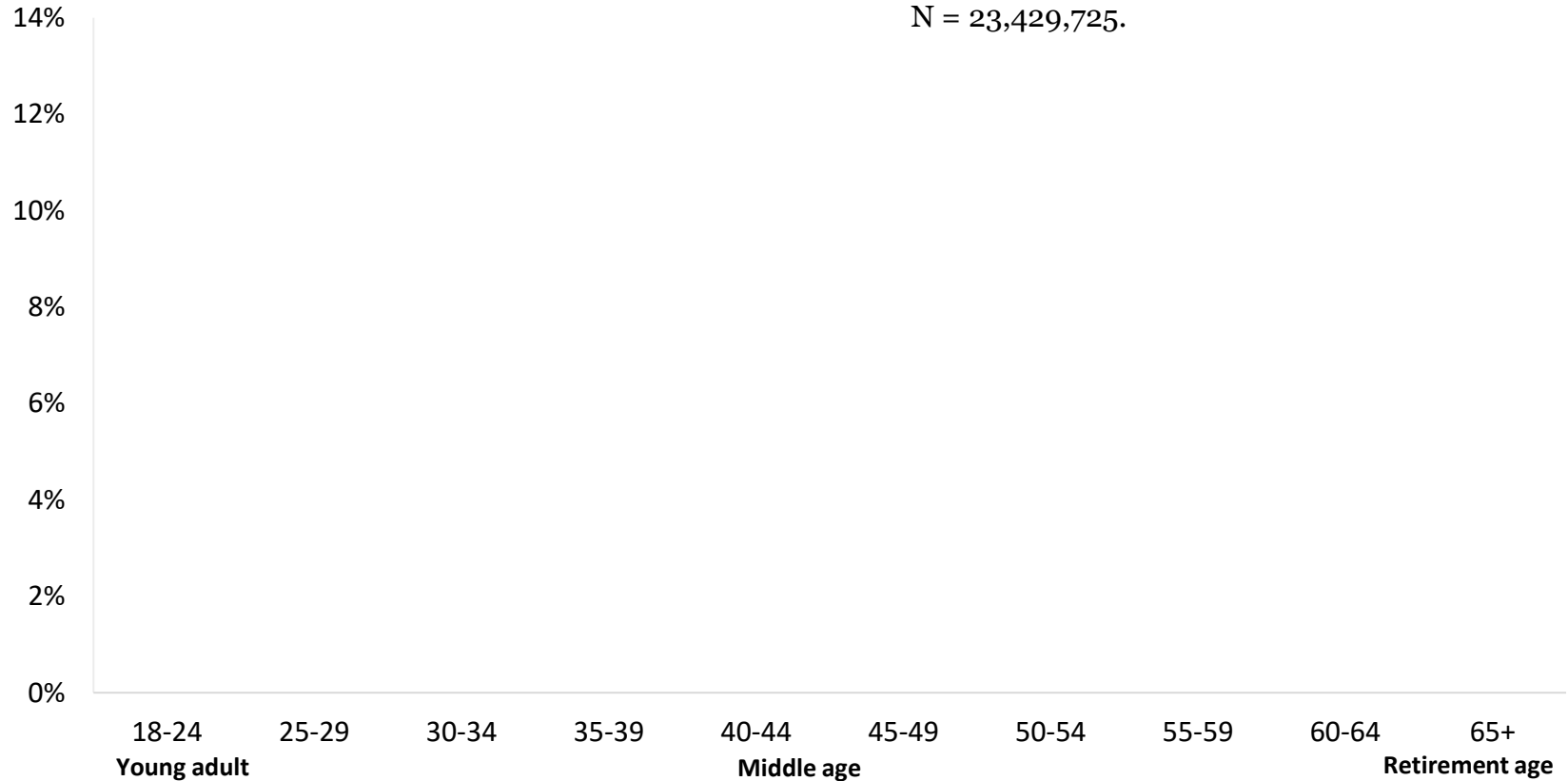
Not about rich people, its about *recent college graduates*

# Migration Rates by Age, for different education groups

Migration Rate

American Community Survey, 2005-2014.

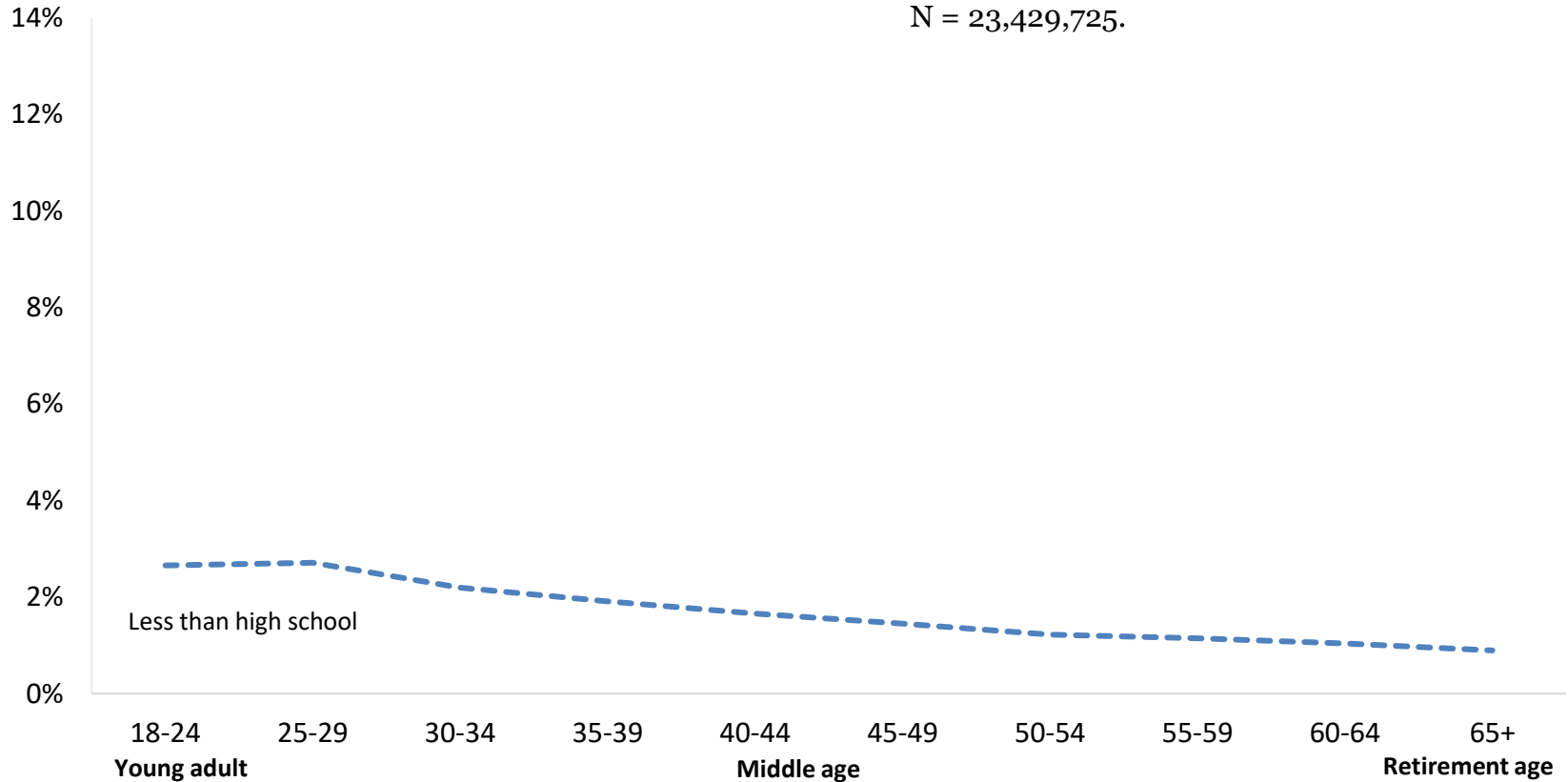
N = 23,429,725.



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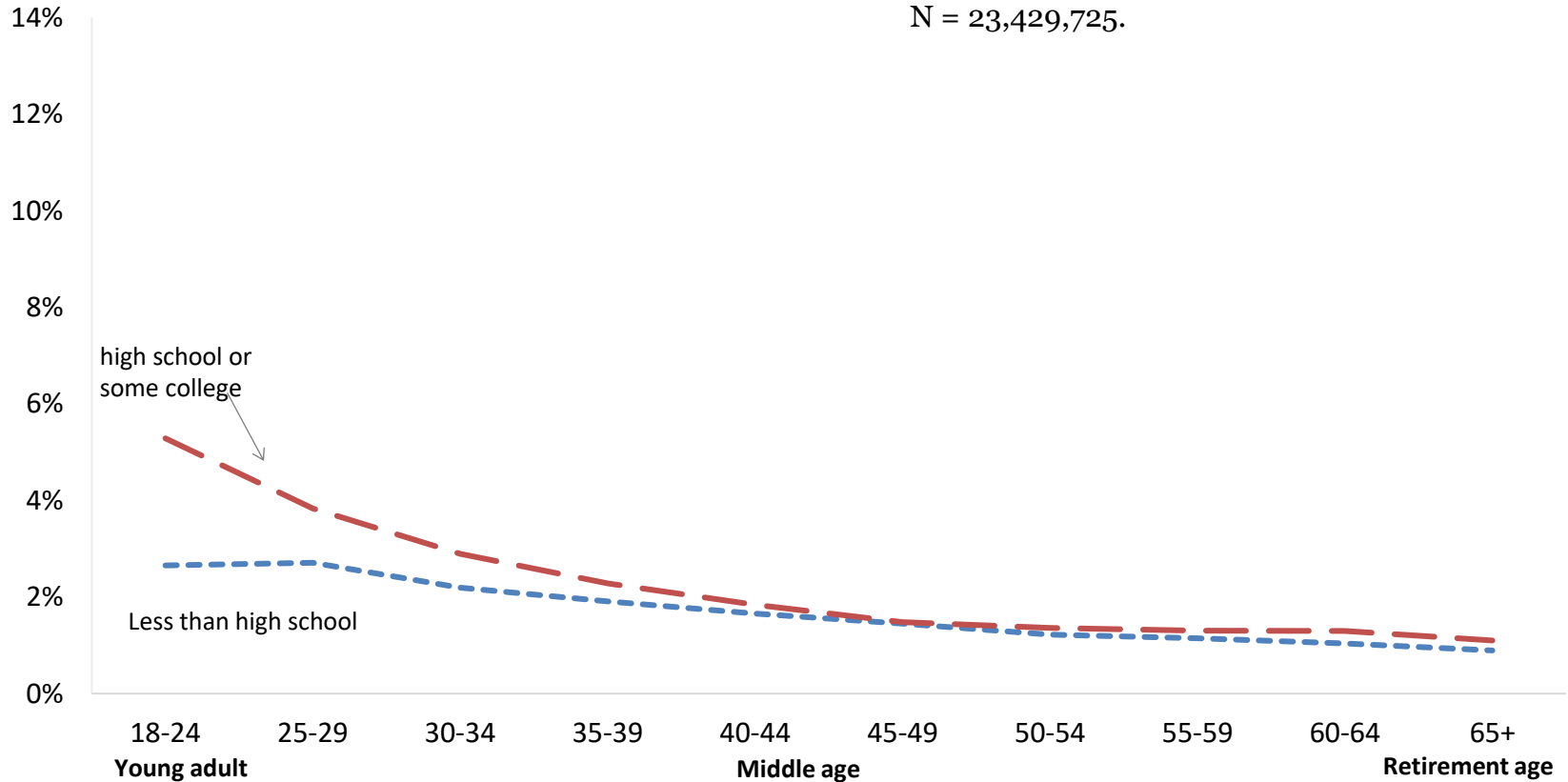
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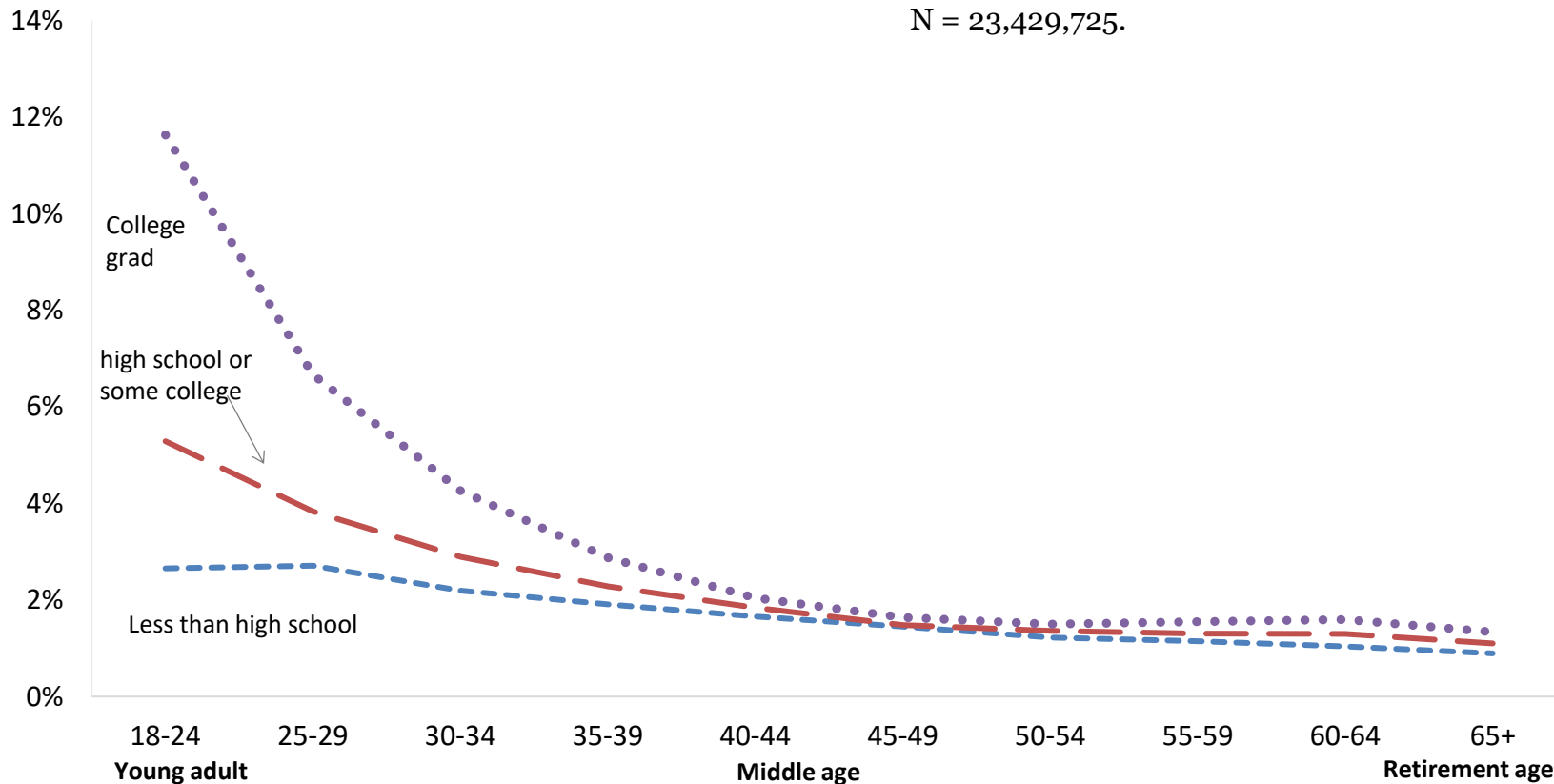


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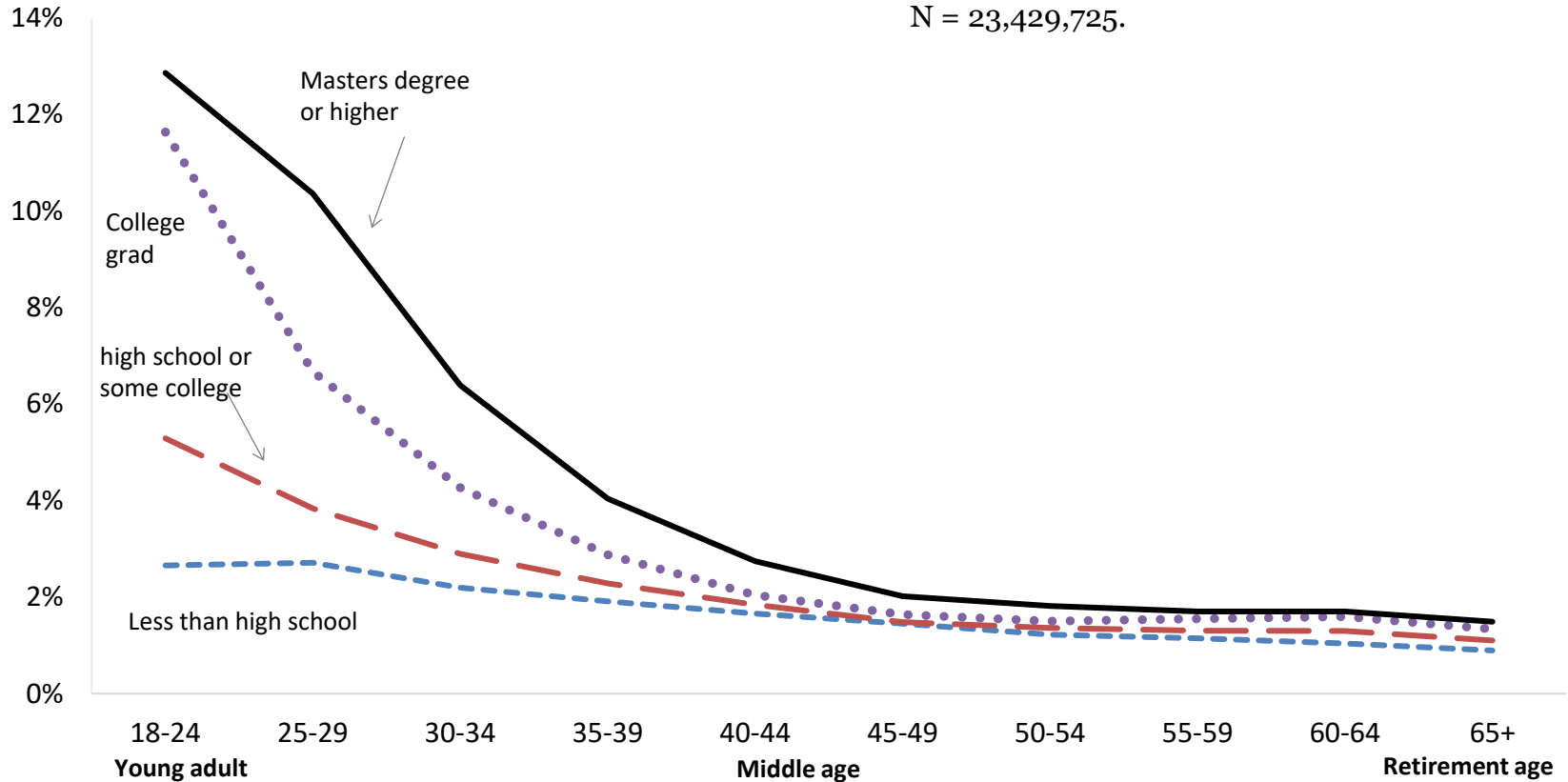
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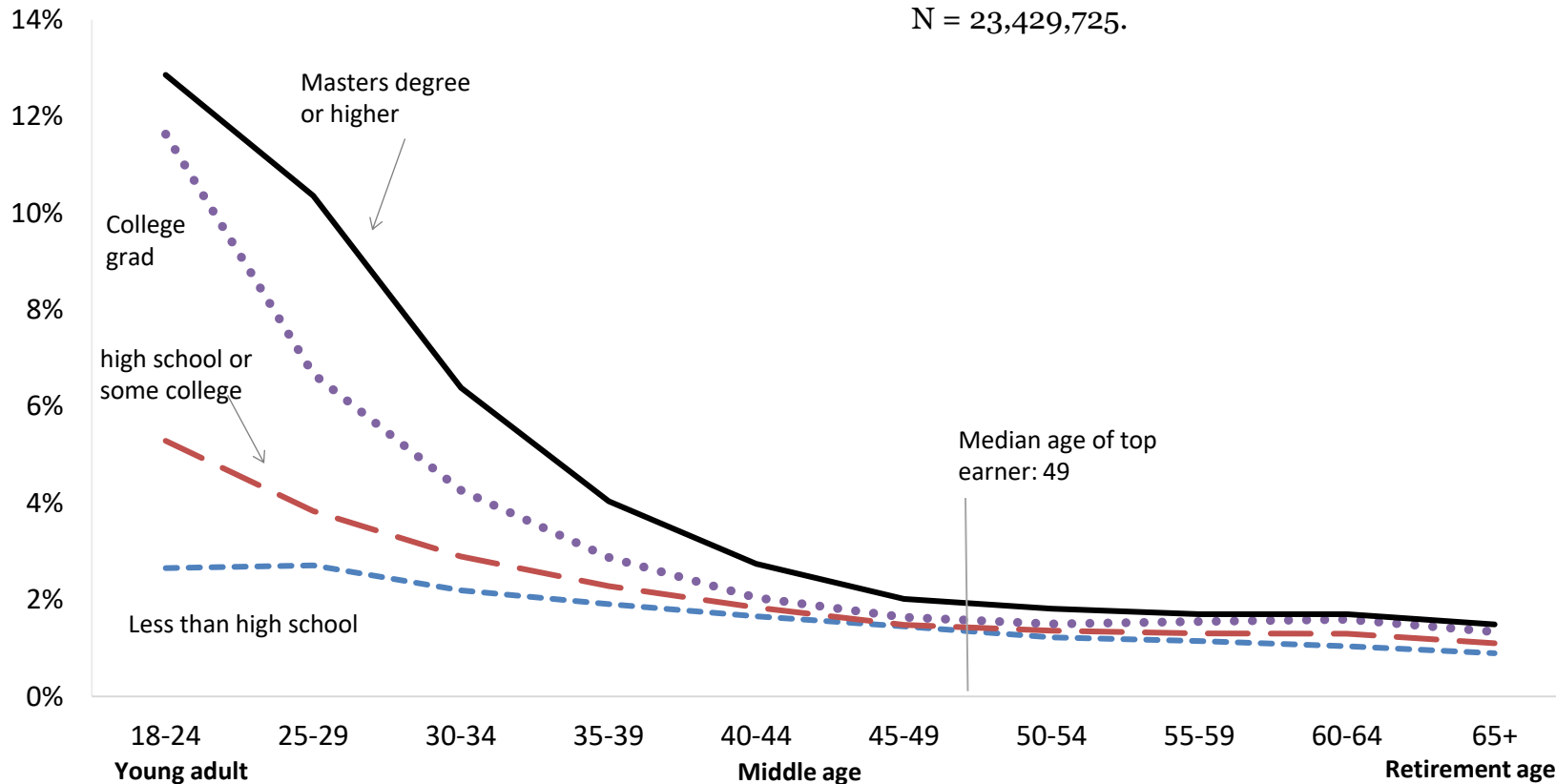


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## **Conclusion:**

Rich people are the wrong focus. Every state wants more rich people but they are not mobile

*Future* top earners are highly mobile

## **Conclusion:**

Rich people are the wrong focus. Every state wants more rich people but they are not mobile

*Future* top earners are highly mobile

Focus on attracting / retaining people at the beginning of their career

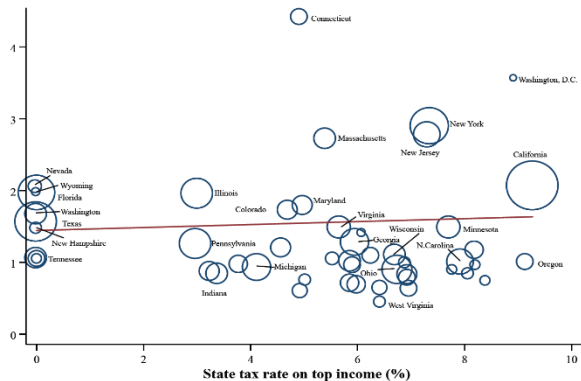
*Quality of life, urban amenities, child care, good schools and supports for young families*

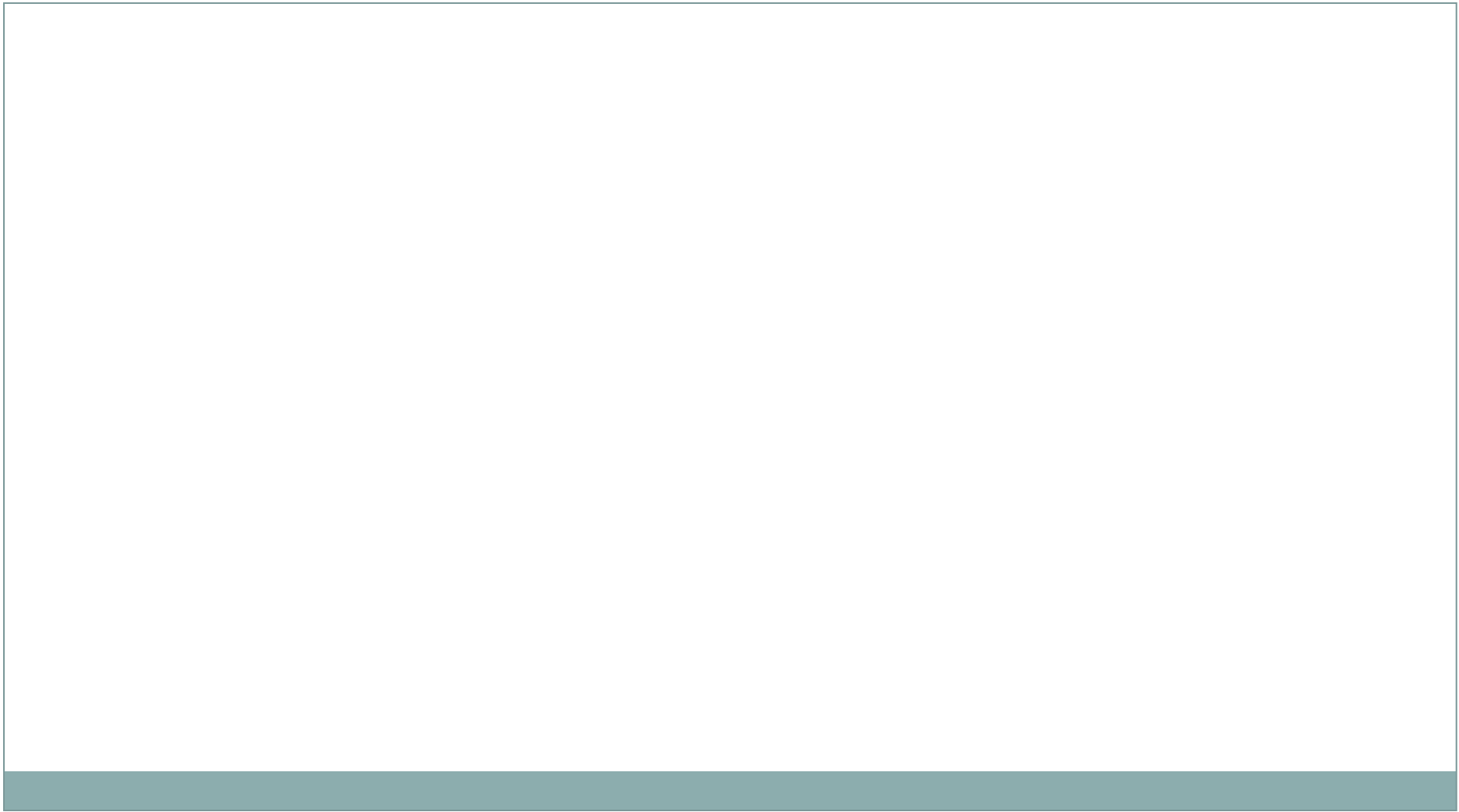


# Thank you!

Comments & questions:

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# Supplement: Different Types of Millionaires

**Table 3.** Tax-Migration Effects by Socioeconomic Groups

	Tax-Migration Coefficient	SE	Overall Migration Rate	Share of Millionaires
All Millionaires (Table 2, Model 2)	-.077*	(.037)	2.4%	100%
<b>Economic Status</b>				
Business owner	-.089*	(.039)	2.1%	23%
Capital gains 75%+	-.071	(.037)	3.0%	11%
\$10M+ annual income	-.075	(.042)	2.6%	4%
<b>Retirement Age</b>				
Under age 65	-.072*	(.029)	2.5%	80%
Age 65+	-.075	(.055)	2.3%	20%
<b>Family Status</b>				
Children at home	-.046	(.026)	2.0%	50%
No children at home	-.086*	(.037)	2.9%	50%
Single filer	-.049	(.028)	3.6%	7%
Married, one primary earner	-.078*	(.034)	2.5%	81%
Married, dual earners	-.099*	(.039)	1.7%	10%
<b>Persistence of Millionaire Income</b>				
One year	-.022	(.026)	3.2%	15%
2 to 3 years	-.054	(.027)	3.1%	18%
4 to 7 years	-.083*	(.032)	2.6%	29%
8 years +	-.123**	(.044)	1.9%	38%

*Note:* Robust standard errors clustered by state are in parentheses. Estimates are income tax rate coefficients from log-linear migration models (Table 2, Model 2 specification), run separately for each socioeconomic group. The outcome variables represent counts of millionaire migration flows between each state-pair, summed over 1999 to 2011.

*Source:* Office of Tax Analysis microdata.

\* $p < .05$ ; \*\* $p < .01$  (two-tailed tests).

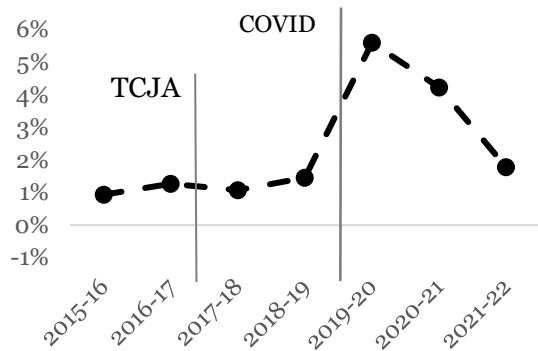
*Interpretation* (see notes on this page for more):

persistent millionaires are less likely to ever change their state of residence, but when they do move, they are more attentive to top tax rates and are more likely to choose a lower-tax state as their destination.

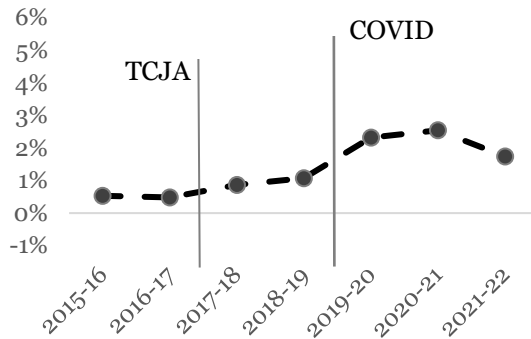
For state tax policy, these two factors would seem to largely cancel each other out. People with the strongest incentive to avoid state taxes are also most strongly embedded in their state.

# Net out-migration of millionaires, by city, 2015-2022

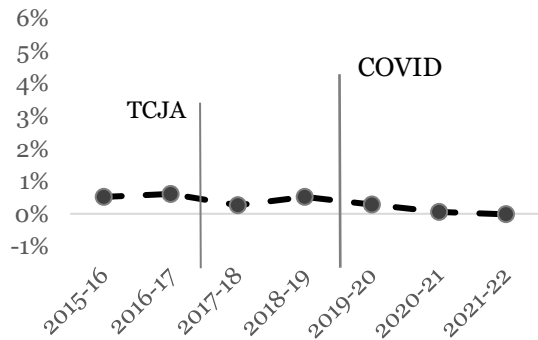
### (a) New York City



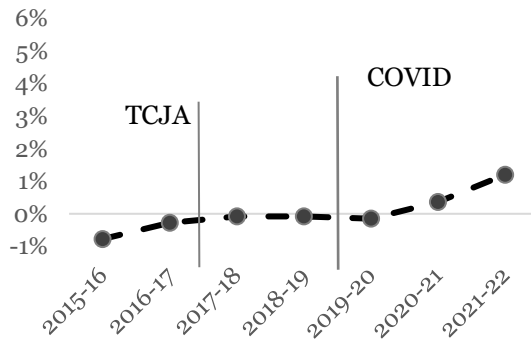
### (b) SF Bay Area



### (c) Houston



### (d) Seattle



What's wrong with the intuition about  
millionaire migration?

Places are sticky.

# What's wrong with the intuition about millionaire migration?

Places are sticky.

As people advance in their careers, they accumulate a lot of things that tie them to place:

Marriages

Children

Businesses

Place-specific social capital