BACKGROUNDER

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If You Tax Them, They Will Run: Millions of Americans Flee from California and New York

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KEY TAKEAWAYS

About 2.8 million more Americans moved out of high-tax states than moved to high-tax states between April 2020 and July 2023.

States with high individual income taxes and high corporate income taxes experienced more outmigration than states with high sales taxes did.

Those making $200,000 or more are the most likely to flee high-tax states in favor of low-tax states, but this pattern is true of all income groups.

Businessman and investor Kevin O'Leary recently described states such as New York, Massachusetts, New Jersey, and California as "uninvestable" with "insane" policies and taxes that are too high.[1] O'Leary is not alone in his assessment. These states consistently rank at or near the bottom of the annual Chief Executive survey of the best and worst states for business.[2] State and local income tax rates in California, New York, and New Jersey are two to three times higher than in most other states.[3] In addition, these states have high regulatory burdens, high production costs, and a high risk of litigation.[4]

Business migration out of these states is a common occurrence. California, New York, New Jersey, and Massachusetts are all in the top five of U.S. states losing population to interstate migration.[5] Hundreds of companies have moved headquarters and jobs out

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of California alone.[6] In August 2024, Chevron announced it would move its company headquarters out of San Ramon, California, and into Houston, Texas.[7] Many other companies have recently moved headquarters from California to Texas, including CBRE Group, Charles Schwab, Hewlett Packard Enterprise, Oracle, and Pabst Brewing.[8] Since 2020, Elon Musk has moved or announced plans to move five of his companies' headquarters or core functions out of California and into Texas: Tesla, SpaceX, X, Neuralink, and the Boring Company.[9]

It is not just corporations and the very wealthy who are fleeing from high-tax states. High-tax states lose almost 1 million people per year to lower-tax states, only a small fraction of whom are company CEOs or multimillionaires.[10] Californians and New Yorkers from all walks of life have chosen to leave.

This report examines the magnitude of the migration out of high-tax states, the most common specific state-to-state migration flows, the relationship between different types of taxes and out-of-state migration, other factors in migration, and the relationship between income and migration out of high-tax states. It concludes with policy recommendations.

Voting with Their Feet

Moving across state lines comes at a significant cost, including the cost of the move itself, the time and resources spent finding new housing and sometimes new employment, the burden of leaving behind friends and family, and all the tedious and stressful details that come with such a major life change. For Californians, moving to another state can be especially costly because of their great distance from all but a few out-of-state population centers. The median out-of-state move for the 818,000 Californians who left the state in 2023 covered well over 1,500 miles.[11]

Those who uproot and move across the country demonstrate a strong preference for living elsewhere by the costs that they are willing to absorb as they leave. However, millions of other Californians would move if it were less costly or if the right opportunity presented itself. A 2023 Strategies 360 poll found that 40 percent of Californians were considering moving out of the state,[12] and the biggest factor was the state's high cost of living.[13] The question that the roughly 15 million Californians who are considering leaving must confront is whether the cost of living and other problems in the state are bad enough to justify the cost of moving.

Sadly for Californians, because there are so many more Americans leaving the state than moving into the state, they even have to deal with

TABLE 1

States Gaining and Losing Most Population from Domestic Migration, 2020–2023

TOP 10 NET GAINS			TOP 10 NET LOSSES		
State		**Net Gain**	**State**		**Net Loss**
1	Florida	818,762	1	California	–1,197,950
2	Texas	656,220	2	New York	–882,676
3	North Carolina	310,189	3	Illinois	–364,443
4	South Carolina	248,055	4	New Jersey	–153,193
5	Arizona	218,247	5	Massachusetts	–149,466
6	Tennessee	207,097	6	Louisiana	–110,709
7	Georgia	185,752	7	Maryland	–99,579
8	Idaho	104,313	8	Michigan	–58,379
9	Alabama	96,538	9	Minnesota	–45,976
10	Oklahoma	80,064	10	Hawaii	–41,670

NOTES: Net gains and losses are from April 1, 2020, to July 1, 2023. The Census Bureau derives its state migration estimates from IRS tax return data, Medicare enrollment data, Social Security Administration data, and its own annual Group Quarters Report data.
SOURCES: U.S. Census Bureau, "Annual and Cumulative Estimates of the Components of Resident Population Change for the United States, Regions, States, District of Columbia, and Puerto Rico: April 1, 2020 to July 1, 2023 (NST-EST2023-COMP)," https://www.census.gov/data/tables/time-series/demo/popest/2020s-national-total.html (accessed September 9, 2024).

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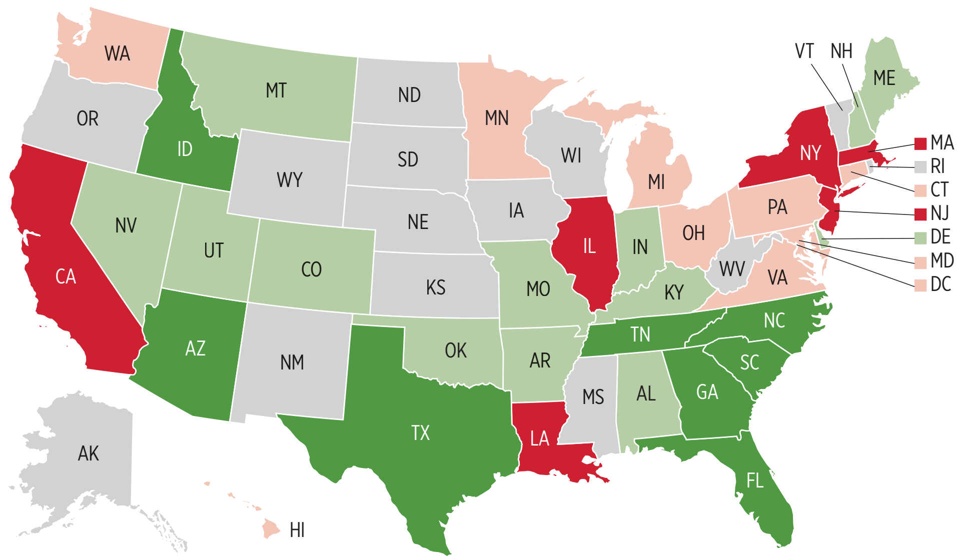
a persistent shortage of moving vans located in California. The shortage means that Californians must pay a premium to rent a moving van out of the state. At the time of this writing, for example, renting a 26-foot U-Haul truck for a move from Salt Lake City to Los Angeles would cost $719, but the reverse trip would cost $3,811.[14]

Despite the obstacles, nearly 1.2 million *more* Americans moved out of California to another state than moved to California between April 2020 and July 2023.[15] New York lost 880,000 residents (net) to interstate migration during the same period. On the other hand, Florida and Texas—two states with no personal income tax—experienced net population gains from interstate migration of about 820,000 and 660,000 people, respectively. Domestic migration figures suggest that the southeastern United States and the Mountain West have been the most attractive regions of the country to move to in recent years.[16]

MAP 1

Population Change from Interstate Migration

NET POPULATION CHANGE
- Up 100,000+
- Up 20,000–99,999
- Down 19,999–Up 19,999
- Down 20,000–99,999
- Down 100,000+



NOTE: Net gains and losses are for April 1, 2020, to July 1, 2023.
SOURCE: Author's calculations based on data from U.S. Census Bureau, "Annual and Cumulative Estimates of the Components of Resident Population Change for the United States, Regions, States, District of Columbia, and Puerto Rico: April 1, 2020 to July 1, 2023 (NST-EST2023-COMP)," https://www.census.gov/data/tables/time-series/demo/popest/2020s-national-total.html (accessed September 9, 2024).

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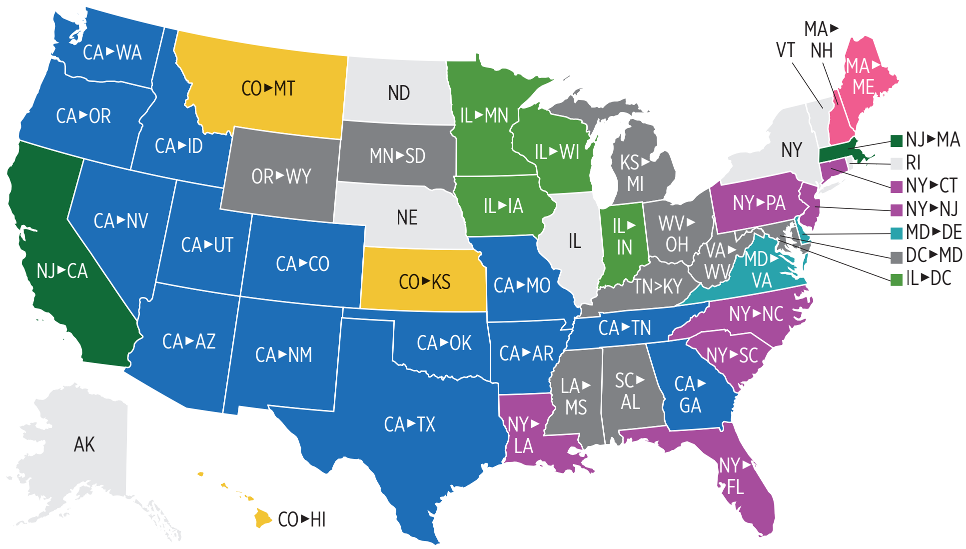
There may be no better simple measure of states' desirability than their net population gain or loss from interstate migration. It shows how many people are willing to pay the necessary price to become residents of different states. Differences in public policies such as taxes, regulations, and criminal law enforcement affect how livable states are. Other factors outside state lawmakers' control also affect interstate migration flows, including, for example, changes in global energy markets and changes in federal regulations that favor or disfavor certain states. Some point to climate and weather as an important driver in the migration to the southeastern United States, but this point is overstated. California's sunny skies and year-round pleasant weather have done little to slow the recent exodus of its residents. Hawaii is also in the top 10 U.S. states for net outmigration.

MAP 2

Where Movers Come from and Where They Go

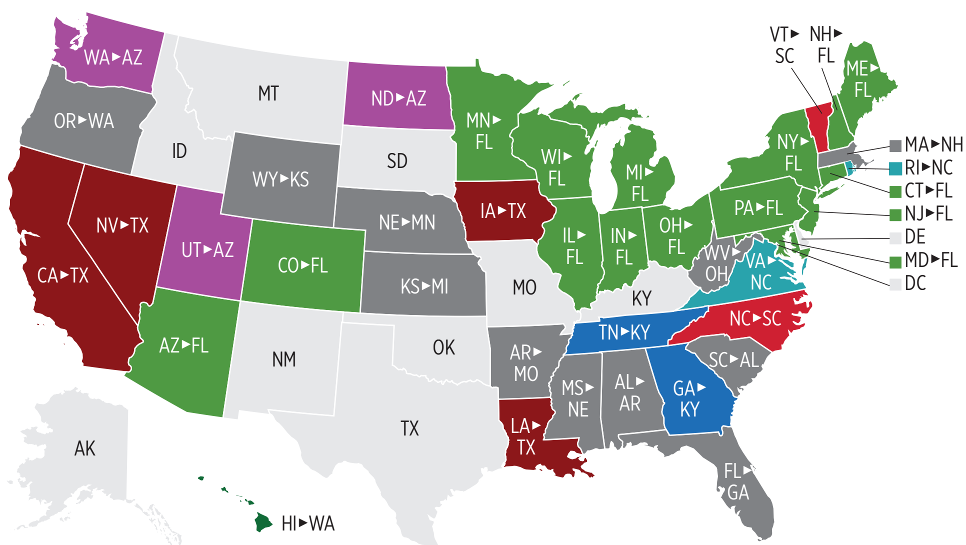
ARRIVING FROM. LARGEST SOURCE OF INCOMING INTERSTATE MIGRATION, BY STATE

Calif. | Ill. | N.Y. | Colo. | Md. | Mass. | Other



HEADING TO. LARGEST DESTINATION OF OUTGOING INTERSTATE MIGRATION, BY STATE

Fla. | Texas | Ky. | Wash. | S.C. | Ariz. | N.C. | Other



NOTES: Net state-to-state migration flows are from July 1, 2022, to July 1, 2023. States shown in light grey are within the margin of error balanced (zero) net migration with the largest estimated source/destination state.
SOURCE: Author's calculations based on data from U.S. Census Bureau, American Community Survey, "State-to-State Migration Flows: 2022," https://www.census.gov/data/tables/time-series/demo/geographic-mobility/state-to-state-migration.html (accessed September 9, 2024).

Going with the Flow: Sources and Destinations of State-to-State Migration

The U.S. Census Bureau provides data on state-to-state population flows in its Annual Social and Economic Supplements (ASEC) survey, which collects information on people who have lived less than one year in their current residences. The state-to-state detail offers a more detailed picture of Americans' moving patterns than the aggregate net domestic migration figures do.

The top panel of Map 2 shows the state that was the biggest *source* of net domestic migration *into* each state in 2023. The map shows the largest population inflows on a net basis (not gross), so it does not list, for example, neighboring states with large population flows that are balanced in both directions. In 2023:[17]

- California was the leading source of net domestic migration into every state whose center of population is within 1,000 miles of either Los Angeles or San Francisco. California was also the biggest source of net domestic migration to states as far away as Georgia and Tennessee.

- New York was the leading source of net domestic migration to many states on or near the Atlantic coast, including Florida, New Jersey, Connecticut, Pennsylvania, and the Carolinas.

- Illinois was the leading source of net domestic migration to four midwestern states: Indiana, Wisconsin, Iowa, and Minnesota.

- Colorado was the leading source of net domestic migration to Kansas, Montana, and Hawaii.

- Maryland was the leading source of net domestic migration to neighboring Virginia and Delaware.

- Massachusetts was the leading source of net domestic migration to New Hampshire and Maine.

- New Jersey was the leading source of net domestic migration to California and Massachusetts.

All other states besides those listed above were the leading source of net domestic migration into either zero states or just one state. The map does not name the leading source of domestic migration into some states (shown in grey) if they were within the margin of error of having zero (balanced) net migration with the leading source.

The bottom panel of Map 2 lists the state that *attracted* the most net domestic outmigration *from* each state in 2023:[18]

- Florida was the largest attractor of net domestic migration from most of the states in the northeastern United States and the upper Midwest, as well as from Arizona and Colorado.
- Texas was the largest attractor of net domestic migration from four states west of the Mississippi: California, Louisiana, Nevada, and Iowa.
- Arizona was the largest attractor of net domestic migration from three states to its north: Washington, Utah, and North Dakota.
- Kentucky was the largest attractor of net domestic migration from two states to its south: Tennessee and Georgia.
- North Carolina was the largest attractor of net domestic migration from Virginia and Rhode Island.
- South Carolina was the largest attractor of net domestic migration from North Carolina and Vermont.

All other states besides those listed above were the largest attractors of net domestic migration from either zero states or just one state. The map does not name the leading destination of domestic migration into some states (shown in light grey) if they were within the margin of error of having zero (balanced) net migration with the leading destination.

Greener Pastures and Lower Taxes

Table 2 shows each pair of states where the estimated net flow of movers in 2023 was more than 14,000 residents. In each row, the state listed as *Origin* is the one in the pair that *lost* 14,000 or more movers to the state that is listed as *Destination*. The flow of movers between most of the listed pairs of states was highly unbalanced, with an average of

TABLE 2

People Leaving States: Where They Go and Why

STATES WHERE ESTIMATED FLOW OF MOVERS IN 2023 WAS MORE THAN 14,000 RESIDENTS

				MOVE RESULTS IN REDUCTION TO:			
Origin	**Destination**	**State-to-State Net Change**	**% of Moves Between States from "Origin" to "Destination"**	**Overall Taxes**	**Capital Gains Taxes**	**Income Taxes**	**Corporate Taxes**
New York	Florida	69,901	81%	✔	✔	✔	✔
California	Texas	60,163	71%	✔	✔	✔	✔
California	Arizona	46,745	73%	✔	✔	✔	✔
New Jersey	Florida	37,373	83%	✔	✔	✔	✔
New York	New Jersey	36,332	66%		✔	✔	
New York	Connecticut	35,689	77%		✔	✔	
California	Nevada	26,653	69%	✔	✔	✔	✔
California	Florida	22,144	64%	✔	✔	✔	✔
California	Idaho	21,320	83%	✔	✔	✔	✔
Illinois	Florida	21,184	71%	✔	✔	✔	✔
Pennsylvania	Florida	19,370	69%	✔	✔	✔	✔
New York	Texas	18,657	72%	✔	✔	✔	✔
California	Washington	18,102	61%	✔	✔	✔	✔
Illinois	Indiana	17,223	69%	✔	✔	✔	✔
California	Tennessee	17,067	80%	✔	✔	✔	✔
New York	Pennsylvania	16,623	61%	✔	✔	✔	
Maryland	Florida	14,997	74%	✔	✔	✔	✔
California	Georgia	14,958	70%	✔	✔	✔	✔
Illinois	Wisconsin	14,605	68%	✔			✔
New York	North Carolina	14,109	70%	✔	✔	✔	✔
Washington	Arizona	14,005	75%		✔		

NOTES: Net state-to-state migration flows between *Origin* states and *Destination* states are from April 1, 2022, to July 1, 2023. The state pairs listed have the largest net state-to-state migration flows among U.S. states. "State-to-State" Net Change lists the difference between the number of moves from *Origin* to *Destination* and the number of moves from *Destination* to *Origin*. The Overall Taxes column is checked if the state and local taxes as a percentage of GDP is lower in the *Destination* state than the *Origin* state. The Capital Gains Taxes, Income Taxes, and Corporate Taxes columns are checked if those respective tax rates are lower in the *Destination* state than in the *Origin* state.
SOURCES: Author's calculations based on data from U.S. Census Bureau and Tax Foundation.

CHART 1

States with Lower Taxes Draw More Movers from Other States

NOTES: Tax quintiles are based on state and local tax revenues as a percentage of state gross domestic product in 2022. Net migration is for the period April 1, 2020, to July 1, 2023.

SOURCE: Author's calculations based on data from the U.S. Census Bureau and Bureau of Economic Analysis.

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about 72 percent of moves going from the *Origin* to the *Destination* as opposed to 28 percent from *Destination* to the *Origin*. The *Destination* had lower taxes as a share of state gross domestic product (GDP) than the *Origin* had in 18 out of the 21 (86 percent) state pairs listed. More specifically, the *Destination* had a lower tax rate on capital gains than the *Origin* did 20 times, a lower income tax rate 19 times, and a lower corporate tax rate 17 times.[19]

From 2020 to 2023, this pattern of Americans moving to states with lower taxes has resulted in large population shifts. The 10 states that have the highest taxes as a share of state GDP (the top quintile) lost 2.3 million residents to interstate migration, and the 10 states with the lowest taxes (the bottom quintile) gained 2.1 million residents from interstate migration. The quintile with the second-highest taxes lost about 430,000 residents, the middle quintile gained about 28,000 residents, and the quintile with the second-lowest taxes gained about 651,000 residents.[20]

Chart 3 summarizes the three-year net domestic migration data for all 50 states (plus Washington, DC) by the states' tax quintile. The left column shows the total net domestic migration of each state, sorted from the state with the highest inmigration (Florida) to the state with the highest outmigration (California). Dark green bars represent states with taxes as a share of state GDP in the bottom 20 percent of all states, and the dark red bars represent states with taxes as a share of state GDP in the top 20 percent of all states. As the chart shows, low-tax states were far more likely to gain population from domestic migration.

Combined, the 25 states with above-median taxes as a share of state GDP lost more than 2.8 million residents to the states with below-median taxes.[21] That is more people than could fit into each of the 30 NFL stadiums and 29 NBA arenas in the United States and Canada combined.[22]

Domestic Migration and Different Tax Types

All taxes impose some degree of burden on individuals and the economy, taking money away from the people who earned it and giving it to the government to spend or redistribute. However, the harm caused by taxes extends beyond just the dollars that are transferred from private hands to the government. The harm of taxes also includes or can include:

- Discouragement of work, saving, investment, entrepreneurship, and other productive behaviors;

- Encouragement of tax avoidance (including moving for tax reasons);
- Distortion of price signals relied on by producers and consumers;
- Costly administration and compliance burdens;
- Empowerment of the government to pick winners and losers; and
- Encouragement of lobbying, corruption, and black markets.

Not all types of taxes are equally harmful. The least damaging taxes tend to be broadly applied, clear, and simple. The most damaging taxes tend to be selectively applied and complicated. The harm of an incremental increase in a tax is greater when it is added to an already high tax rate.[23]

Many researchers have concluded that taxes on income—including ordinary income taxes, capital gains taxes, and corporate income taxes—are the most harmful common type of tax.[24] Taxes on income target and discourage productive activity, are difficult to administer and comply with, and are selectively applied—with arbitrary rates, exemptions, thresholds, and preferential credits.

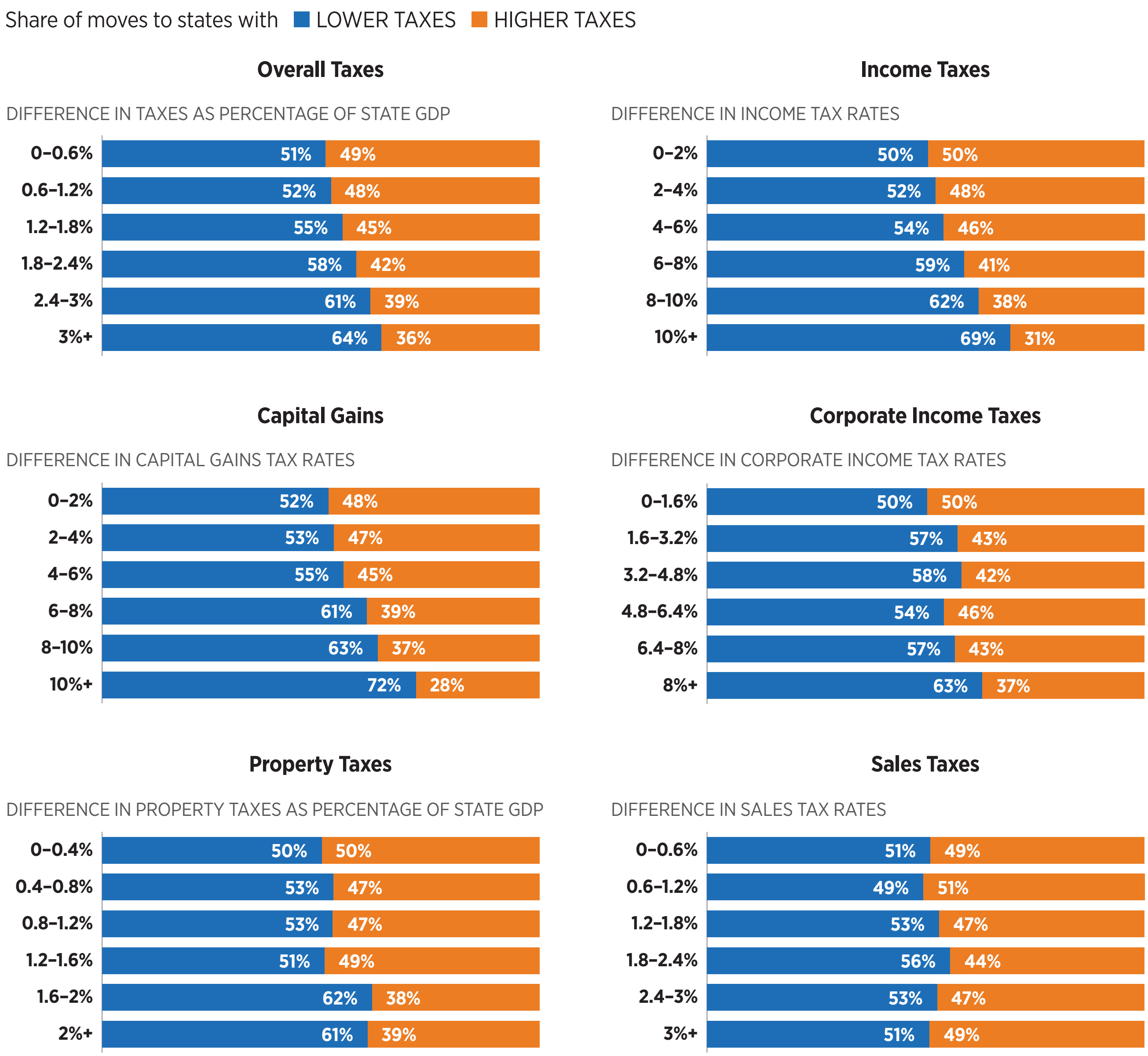
The data on the interstate migration decisions of Americans support the idea that taxes on income are especially harmful. Even though states collect more revenue from property taxes and sales taxes, differences in tax rates on income (ordinary, capital gains, and corporate) better explain state-to-state migration. High taxes on income, in particular, appear to drive people out of states.[25]

Chart 2 shows the balance of moves between higher-tax states and lower-tax states based on the difference in the level of taxes or the tax rates. For example, the top left panel shows that when the difference between two states' overall taxes as a percentage of GDP is less than 0.6 percent, 51 percent of the state-to-state moves are to the lower-tax state and 49 percent are to the higher-tax state. But when the difference between the two states' tax collections is more than 3 percent of GDP, 63.8 percent of the moves are to the lower-tax state and only 36.2 percent are to the higher-tax state.[26]

The top right and middle left panels of Chart 2 show that for the largest differences in tax rates on ordinary income and capital gains income (10 percentage points or more), about 70 percent of the moves between the states are to the lower-tax state. Where there are large differences in the corporate rate (8 percentage points or more), the state-to-state migration is somewhat more balanced, with 62.9 percent of moves going into the state with the

CHART 2

Between-State Migration Favors States with Lower Taxes



NOTES: Interstate moves between July 1, 2022, and July 1, 2023, were categorized based on the size of the difference between the two states' (1) overall taxes as a share of GDP, (2) income tax rates, (3) capital gains tax rates, (4) corporate income tax rates, (5) property taxes as a share of GDP, and (6) sales tax rates. Within each category, for a given difference in taxes between two states, the charts in all six panels show the share of moves to the lower-tax state in blue and the share of moves to the higher-tax state in orange.
SOURCES: Author's calculations based on data from U.S. Census Bureau and Tax Foundation.

lower corporate tax rate.[27] However, corporate income taxes account for only about one-seventh as much state and local tax revenue as do individual income taxes. Dollar for dollar, corporate taxes may lead to more economic damage and more outmigration than other taxes on income do.

The results are somewhat less stark for property taxes, as shown in the bottom left panel, even though property taxes are the largest source of state and local tax revenue. For state pairs where the difference between property taxes is more than 1.6 percent of GDP, about 61 percent of the moves are into the lower-tax state.[28]

Based on the bottom right panel, differences in sales tax rates do not appear to be a major driver of migration. Americans who moved in 2023 were almost as likely to move to a state with a higher sales tax as to a state with a lower sales tax (48.3 percent versus 51.7 percent). The ratio is not meaningfully different when the gap between sales tax rates is large.[29]

Do Tax Differences Directly Cause Interstate Migration?

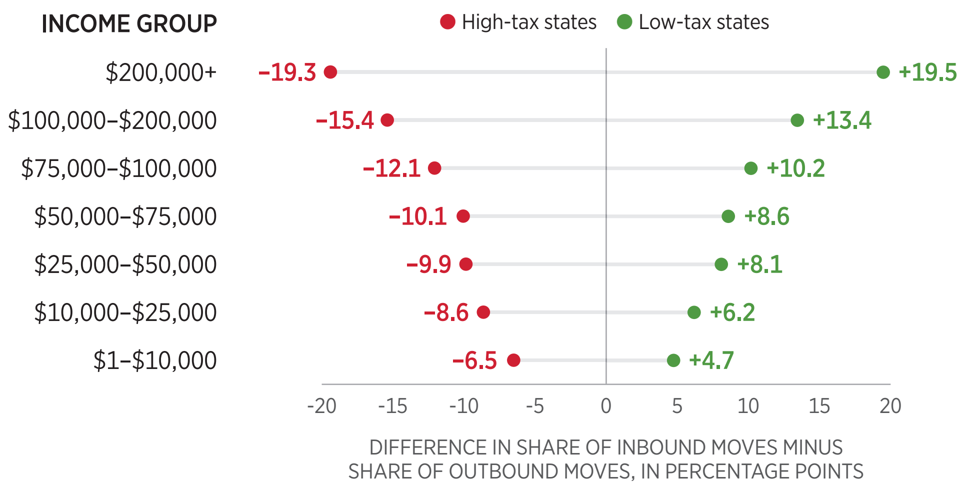
Despite Americans' strong propensity to move from high-tax states to low-tax states, some analysts suggest that taxes are only a minor factor in Americans' decisions to move across state lines. They cite the Census Bureau's ASEC survey, which asks respondents who lived in different residences a year ago about the main reason for their moves.[30] Most respondents select *Housing*, *Family*, or *Employment* as the reason for their moves. Notably, the survey does *not* list taxes among its 19 options (except to the extent it is included in "*Other Reason*").[31] However, even if the survey did include *Taxes* as an option, it may not be among the most cited reasons for moving, because the *indirect* effects of high taxes may be worse and more widespread than the direct tax payments themselves.

It has been said that "[t]he art of taxation consists in so plucking the goose as to obtain the largest possible amount of feathers with the smallest amount of hissing."[32] In that spirit, lawmakers have designed taxes to be less obvious to individuals. Instead of making people pay a single painful lump sum income tax at the end of the year, governments typically make employers withhold income from their workers' paychecks. Gasoline taxes are baked into the price at the pump. For many homeowners, property taxes are folded into their monthly mortgage payments. Governments enlist businesses to collect a large volume of overall tax collections, so less observant residents may blame businesses for taxes they pass along, or they may simply lament how little they are able to buy with their paychecks.

CHART 3

Low-Tax States vs. High-Tax States

Low-tax states have higher levels of inbound migration than outbound migration, and the opposite is true of high-tax states. This pattern is strongest for higher income groups.



NOTES: Low-tax states in this chart are the six states whose combined statutory individual income tax rates, capital gains tax rates, and corporate tax rates summed up to less than 7 percent in 2022 (FL, NV, SD, TN, TX, and WY). High-tax states in this chart are the six states whose combined statutory individual income tax rates, capital gains tax rates, and corporate tax rates summed up to more than 27 percent in 2022 (CA, DC, MN, NJ, NY, and OR).
SOURCES: Author's calculations based on data from Internal Revenue Service Statistics of Income and Tax Foundation.

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Second-order effects of taxes also drive migration decisions, especially for lower- and middle-income households that may pay less in state income taxes themselves. The person who directly pays a state tax is seldom the only one impacted by it, because the residents of a state are interconnected through housing markets, product markets, and labor markets. Property tax hikes force landlords to raise rents and discourage new construction and property improvements. The lack of new construction puts upward pressure on housing prices and rents and downward pressure on construction wages and the quality of housing. Tax hikes on business and capital income drive away investment and squelch entrepreneurship and business formation. This results in lower wages and higher rates of joblessness. Tax hikes on wage and salary income drive workers out of the labor force and drive motivated workers to look for jobs in other states.

Low-tax states attract residents from all income bands, and high-tax states repel them. Even the lowest-income Americans (those making less than $10,000 in annual income) are more likely to move out of high-tax states than to move to them. As Chart 3 implies, more than 53 such very-low-income individuals move out of high-tax states for every 47 who move in.[33] (The ratio is nearly reversed for low-tax states). Conventional wisdom might suggest that high taxes and high government spending would be a net benefit to low-income residents. At least the interstate migration data suggest that is not the case.[34] The higher cost of living caused significantly by tax policy bears much of the blame.

The split between inbound moves and outbound moves is highest for the highest income category, though. There are nearly 60 people making $200,000 or more who move out of high-tax states for every 40 who move in. (The ratio is reversed for low-tax states.[35]) High earners pay a disproportionate amount of taxes and so are more directly affected by taxes. It stands to reason that high-income individuals would be more likely to flee from high-tax states. However, the mobility of high-income individuals has important ramifications. The exodus of high-income individuals blunts the potential revenue gains from state tax hikes. Shortly after Washington State added a new 7 percent capital gains tax (and at the same time the state was considering a new, first-of-its-kind wealth tax), Jeff Bezos moved his residency from Washington to zero-income-tax Florida. Bezos's move out of Washington may ultimately cost the state billions—if not tens of billions—of dollars of tax revenue. Bezos cited family reasons for his change in residency, but it is hard to imagine taxes were not a consideration.[36] Florida has been particularly successful at attracting high-income individuals. Those making $200,000 or more were nearly three times as likely (74 percent vs. 26 percent) to move to Florida as to move out of Florida.[37]

The direct reason that everyday people may cite for leaving a state may be related to the housing market, the cost of living, or differences in job opportunities—but high taxes and bad governance exacerbate problems in all these areas. The consistency with which Americans gravitate toward lower-tax states defies random chance, so the connection between high taxes and outmigration cannot be dismissed.

However, good policies also tend to run in packs, so it would be a mistake to conclude that tax policy alone fully causes the net migration between high-tax states and low-tax states. Governments that keep the taxes on their citizens low are more likely to have other sound policies. They are more likely to act as faithful stewards of taxpayer dollars, focusing their attention on the core functions of government and avoiding excessive regulations or job-killing welfare programs. States that impose high taxes have fewer safeguards against government waste, regulatory meddling, and bureaucratic red tape.

Policy Recommendations

Looming expirations of federal tax and spending provisions could increase the pressure on state governments' budgets.[38] State lawmakers should resist tax increases and should lower taxes to the extent feasible. State lawmakers should:

- **Avoid** increases in taxes on ordinary income, capital gains income, and corporate income;
- **Reduce** tax rates on income or eliminate income taxes altogether where feasible;
- **Cut or reduce** growth to their budgets to facilitate reduced taxes;
- **Consider** tax triggers to phase in tax rate reductions as certain budget thresholds are met if lawmakers are concerned about their states' ability to maintain balanced budgets; and
- **Consider** reductions to property taxes to the extent their states' taxes on income are competitive.

In addition, federal tax deductions for state and local taxes (SALT) and exclusions for municipal bond interest act as indirect subsidies for state and local governments that increase taxes and spending. To eliminate this bias and encourage tax competition among the states, Congress should:

- **Reduce** the current $10,000 cap on the SALT deduction or eliminate the SALT deduction altogether,
- **Cap or eliminate** the corporate SALT deduction to prevent states from allowing workarounds to the SALT cap, and
- **Eliminate** municipal bond exclusions.

Conclusion

People vote with their feet. If migration is any indication, most people prefer living in low-tax states, where taxpayers—not politicians—have more control over how money is spent in the economy. Just as the states compete, the United States competes with other countries around the world to attract and retain the capital investments that facilitate job creation and prevent factories from moving overseas. Because Americans pay much more in federal taxes than they do in state and local taxes combined, Congress has the power to reduce Americans' taxes even more than state lawmakers do.

Taxes affect Americans beyond just transferring some of their own money to the government. Americans are also affected when their employers must cut back on wage increases and hiring. They are affected when their landlords raise rent. They are affected when their favorite restaurants are driven out of business. They are affected when their friends or relatives move away to escape the high taxes or for better job opportunities. It all adds up and causes real struggles and hardships in people's lives. State and federal lawmakers should recognize and respond to taxpayers' revealed preference for lower taxes and should act as careful stewards of Americans' tax dollars.

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Endnotes

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20. Ibid.
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22. The average NFL stadium capacity has a capacity of about 70,000, and the average NBA arena has a capacity of about 19,000.
23. Preston Brashers, "Five Rules for Fiscally Responsible, Pro-Growth Tax Reform," Heritage Foundation *Backgrounder* No. 3807, May 7, 2024, https://www.heritage.org/taxes/report/five-rules-fiscally-responsible-pro-growth-tax-reform.

24. See, for example, Åsa Johansson et al., "Taxation and Economic Growth," Organization for Economic Cooperation and Development, July 3, 2008, https://www.oecd.org/en/publications/taxation-and-economic-growth_241216205486.html (accessed September 18, 2024); Santiago Acosta-Ormaechea, "Tax Composition and Growth: A Broad Cross-Country Perspective," *German Economic Review*, Vol. 20, No. 4 (November 2019), pp. e70–e106; and Scott Hodge, "Testimony: Taxes, Spending, and Addressing the U.S. Debt Crisis," Tax Foundation, May 17, 2023, https://taxfoundation.org/testimony/taxes-spending-us-debt-deficits/ (accessed September 18, 2024).
25. The largest source of state and local tax revenue is the property tax at about 32 percent of the total, followed by sales taxes at 24 percent and individual income taxes (including taxes on ordinary and capital gains income) at 23 percent. Corporate income taxes account for just 3 percent of state and local tax revenue. Katherine Loughead, Jared Walczak, and Eddie Koranyi, "Unpacking the State and Local Tax Toolkit: Sources of State and Local Tax Collections (FY 2020)," Tax Foundation, August 25, 2022, https://taxfoundation.org/data/all/state/state-local-tax-collections/ (accessed February 12, 2025).
26. Most states tax capital gains at the same rate as ordinary income. It is therefore unsurprising that the balance of interstate moves shown in the top right and middle left panels of Chart 2 are similar. Author's calculations based on U.S. Census Bureau American Community Survey, "State-to-State Migration Flows: 2022"; U.S. Census Bureau, "2021 Annual Surveys of State and Local Government Finances. Table 1"; Vermeer and Loughead, "State Individual Income Tax Rates and Brackets, 2022"; Loughead, "State Tax Rates on Long-Term Capital Gains, 2024"; and Fritts, "State Corporate Income Tax Rates and Brackets," 2022.
27. Ibid.
28. Ibid.
29. Ibid.
30. Michael Mazerov, "State Taxes Have a Minimal Impact on People's Interstate Moves," Center on Budget and Policy Priorities, August 9, 2023, https://www.cbpp.org/research/state-budget-and-tax/state-taxes-have-a-minimal-impact-on-peoples-interstate-moves (accessed September 9, 2024).
31. The Census Survey does not include other policies or governance issues among the options for the reasons that households moved.
32. This quote is attributed to the French statesman Jean-Baptiste Colbert.
33. The number –6.5 in Chart 3 indicates, for example, that out of every 100 low-income individuals moving into or out of high-tax states, there were 6.5 more moving *out* of the high tax states than moving in, meaning about 53.25 outbound moves and 46.75 inbound moves.
34. Author's calculations based on Internal Revenue Service, "SOI Tax Stats—Migration Data 2021–2022," https://www.irs.gov/statistics/soi-tax-stats-migration-data-2021-2022 (accessed September 18, 2024).
35. Ibid.
36. Jared Walczak, "Jeff Bezos's Move Undercuts Proposed Washington State Wealth Tax," Tax Foundation, November 3, 2023, https://taxfoundation.org/blog/jeff-bezos-move-taxes/ (accessed September 19, 2024).
37. Author's calculations based on Internal Revenue Service, "SOI Tax Stats—Migration Data 2021–2022."
38. If the 2017 tax law expires, the federal tax base would narrow. Because many states adopt the federal tax base as a starting point, this narrowing would also affect many states. Federal funding of states related to the COVID-19 pandemic is also winding down.