



## Policy Brief

# Wealthy Mainers have deep roots: Why taxes don't spur interstate moves

by Sarah Austin, Policy Analyst | October 11, 2018

Mainers want to live in thriving communities with good schools, affordable housing, safe roads, reliable public services and good jobs. Shoring up public investments that make communities attractive and livable for all individuals and families must be a key priority for policymakers.

Unfortunately, our ability to secure the needed resources to invest in Maine families and communities remains under threat because of the persistent argument that cutting taxes is necessary to keep wealthier households from leaving the state.

However, research reveals that among the very small number of annual interstate movers, the wealthy are less likely to uproot their homes and families than low-income people. Because of their deep roots, decisions about tax policy should be made with the understanding that wealthy Mainers are a stable, reliable tax base.

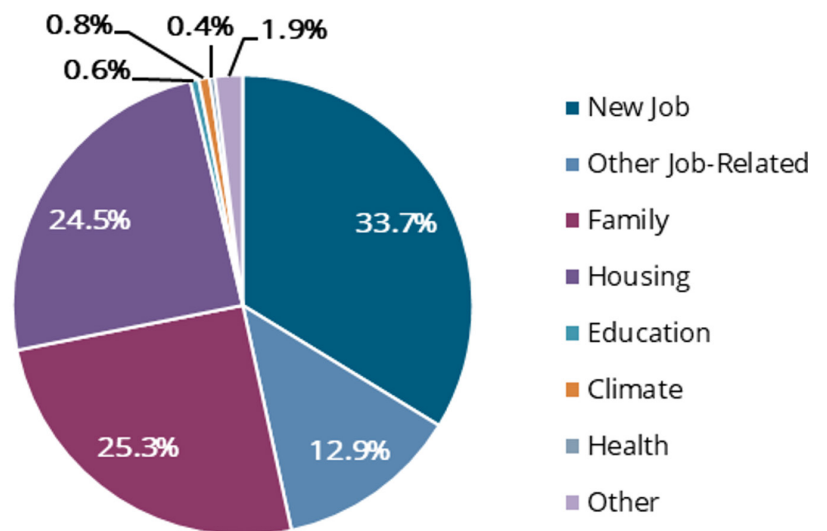
## AMERICANS MOVE FOR JOBS, FAMILY & HOUSING, NOT TAXES

The overwhelming majority of Americans are deeply rooted in their communities, with only 1.7 percent of Americans moving across state lines last year. The percent of Americans moving between states has been on the decline since the eighties. As of 2010, more than two-thirds of people born in the United States still lived in the state where they grew up.<sup>1</sup>

Of the people making the move across state lines, 96.4 percent cite job opportunities, family reasons and better housing for their move. This holds true for low-, middle- and high-income Americans alike.

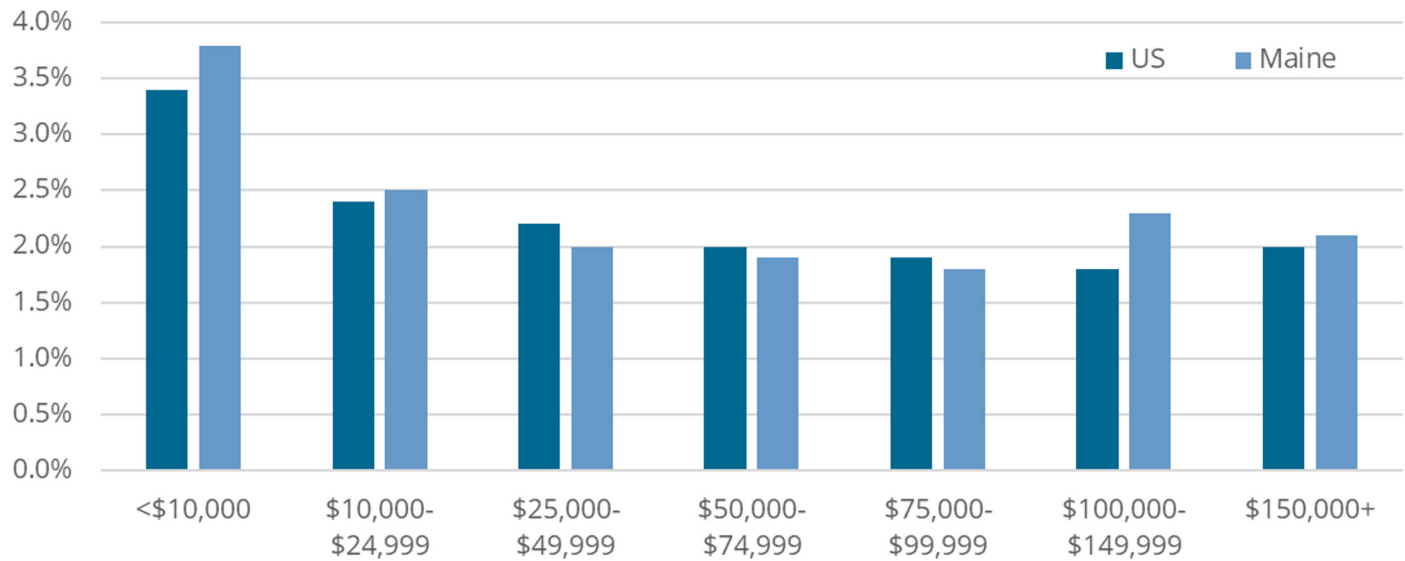
A look at cross-state mobility by income groups shows that the wealthiest households are the least likely to move. This squares with many academic studies that conclude wealthy people have deep roots in their communities<sup>2</sup> through professional, family and friend circles. They can afford to stay put in order to maintain those relationships and the quality of life they bring.

Reasons for Interstate Moves, 2015



Source: U.S. Census Current Population Survey, 2015

## Share of Interstate Movers by Income Group



Source: U.S. Census American Community Survey 2012-2016 5-year averages

## NO-TAX NEW HAMPSHIRE LOSES MORE RESIDENTS TO MAINE THAN VICE VERSA

While some may wonder what effect the tax system has on state-to-state migration, studies prove that taxes don't spur interstate moves. Jobs and housing opportunities play a much more substantial influence in a person's economic decision on where to move.

**Between 2000 and 2016, Maine gained migrants from New Hampshire.**

**On net, New Hampshire lost 3,341 residents to Maine during that time period.**

Consider the case of New Hampshire: If taxes were factoring into people's decisions on whether to move to Maine, a state with an income tax, we'd expect neighboring New Hampshire, with its similar demographics and climate but no income tax, to be attracting residents from Maine.

A look at the data shows the opposite to be true.

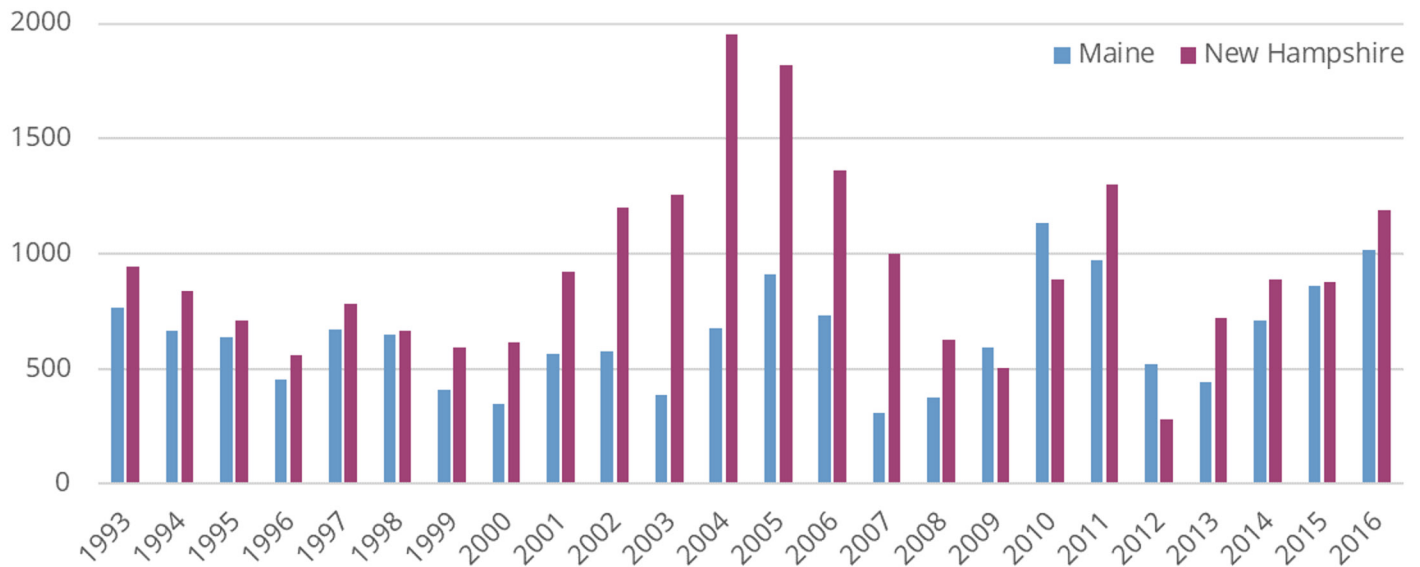
Between 2000 and 2016, Maine gained migrants from New Hampshire. On net, New Hampshire lost 3,341 residents to Maine during that time period.

Florida, another no-income tax state, markets itself as a retirement destination. If taxes were a primary concern when deciding where to move, we'd expect to see more Mainers than New Hampshireites moving to Florida.

Again, the facts don't support this view. Even though Maine

has an older population than New Hampshire, 6,292 fewer Mainers than New Hampshireers moved to Florida between 2000 and 2016, a continuation of a trend that's been happening since at least 1993.

### Net Migrants to Florida from Maine and New Hampshire



Source: U.S. Internal Revenue Services Statistics of Income state-to-state migration data, 1993-2016

## CONCLUSION

Rather than retaining resident families and attracting new ones, tax policies that favor the wealthiest at the expense of everyone else make it **harder** for most families to plant deep roots in a community or state.

Jobs are a primary factor in families' decisions about where to live, but tax breaks for the wealthiest make it harder to pay for things that build a strong economy and create jobs, such as good schools, modern infrastructure and reliable public services. When those fundamentals are lacking, families and the economy are held back.

Lawmakers who want to attract more people to Maine and retain the people already here should prioritize those investments in the foundations of broadly shared prosperity, not tax cuts that make it harder for Maine to be a welcoming, liveable state where all families can thrive.

### Endnotes

1 Calculated from data presented in Ping Ren, "Lifetime Mobility in the United States: 2010," U.S. Census Bureau, November 2011 Available at: <https://www2.census.gov/library/publications/2011/acs/acsbr10-07.pdf>

2 See Young, C. et al. "Millionaire Migration and Taxation of the Elite: Evidence from Administrative Data" American Sociological Association 2016, 81(3) Available at: <https://web.stanford.edu/~cy10/public/Jun16ASRFeature.pdf>; Mazerov, M. 2014. "State Taxes Have a Negligible Impact on Americans' Interstate Moves" Available at: <https://www.cbpp.org/sites/default/files/atoms/files/5-8-14sfp.pdf>