



High Tax States Bleeding Population

As Maine Raises Taxes, U.S. Workers Moving to States with No Income Tax

■ 9 states without income tax ■ 9 states with highest income tax



+1,685,467
Domestic
Migration
(2010-2015)



-1,115,849
Domestic
Migration
(2010-2015)

Source: U.S. Census Bureau

BACKGROUND

According to the U.S. Census Bureau, from 2010 to 2015 the nine states with no income tax gained a total of almost 1.7 million people through domestic migration while the eight states with the highest income tax plus the District of Columbia lost a total of over 1.1 million people through domestic migration. Net domestic migration measures the total number of people moving into and out of a state from other parts of the country: more people moving in than out leads to net in-migration while more people moving out than in leads to net out-migration.

There are many factors that contribute to why people move, tax levels being an important one. Two jobs that offer similar pay result in very different take-home wages when one is located in a high income tax state and another is located in a state with no income tax. An increase in the income tax, such as the 3 percent surtax on incomes over \$200,000 passed in Maine last November, can cause taxpayers subject to the higher rate to migrate to a different state to avoid the resulting loss of disposable income.

Maine's working age population (20-64) is projected to decline more than 14 percent between 2014 and 2034, and this population is forecasted to drop in all 16 of the state's counties. The largest declines are in Piscataquis and Lincoln counties, where the working age population is projected to decline more than 30 percent. With Maine already facing such a daunting demographic challenge, the state should be enacting policies that attract and retain workers, not increasing the tax burden to cause more people to leave and others to decide not to move to Maine in the first place.

Net Domestic Migration (2010-2015)			
States with No Income Tax		Highest Income Tax States	
Alaska	-22,658	Vermont	-6,407
Florida	659,329	New York	-655,302
Tennessee	105,252	New Jersey	-269,568
Texas	741,230	Hawaii	-18,478
Nevada	69,457	Iowa	-7,291
Wyoming	4,030	Oregon	95,249
South Dakota	10,568	California	-274,321
Washington	123,229	District of Columbia	24,400
New Hampshire	-4,970	Maine	-4,131