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For Immediate Release

### **New Study: Employment, Not Taxes, Drives Families' Decisions to Move Across State Lines**

AMHERST — As the New England states continue to struggle with serious budget shortfalls, policymakers face pressure to turn to increased taxes to replenish the coffers. Opponents raise the specter of families fleeing for lower-tax states in response. But in this new study from Jeffrey Thompson of the Political Economy Research Institute at the University of Massachusetts, that concern is laid to rest. In [\*The Impact of Taxes on Migration in New England\*](#), Thompson analyzes new data, and finds that the impact of taxes on cross-state migration is very weak. Other factors—primarily employment and family concerns—provide the main reasons that families move. And family ties, comfort with their community, jobs, the costs of moving, and valuing the public services in their state are why families stay put, regardless of their state's tax rates.

Thompson's analysis finds that employment opportunities in a state have the strongest influence on migration—people tend to move into states with lower unemployment rates, and out of states where jobs are scarce. Similarly, affordable housing markets, low levels of property crime, and higher median incomes attract people to a state. However, all of these factors result in less migration in New England than elsewhere in the country. In general, New Englanders seem to have a habit of staying put.

The study confirms that public services can influence cross-state migration. By increasing higher-education enrollment, decreasing property crime, or improving housing affordability, for example, states can attract and retain people. “Regardless of how they feel about the tax itself, people value the public services paid for with those taxes,” said Thompson. “Most important for the issue of migration, though, is the job opportunities that the state government creates by spending that tax revenue.”

In addition to new analysis using IRS migration data, Thompson summarizes findings from previous research on inter-state migration. He highlights the facts that just 3 percent of Americans move across state lines in a given year for any reason, and 57 percent of adults have never lived outside of the state in which they were born. Clearly, a very large majority of Americans does not move for any reason, taxes or otherwise. In keeping with Thompson's study, previous research focusing exclusively on rich households and older households has also found that taxes have little impact on migration decisions.

“The results show that taxes have no measurable impact on people's decisions to leave a state,” according to Thompson. “Once households have decided to relocate—because of job loss, divorce, or whatever other reason—they seem to be slightly influenced by the taxes in their potential destination states. Even in choosing a destination state, though, the impact of taxes is relatively small and outweighed by job opportunities and other conditions.”

“That taxes are not a big driver of migration may shock some politicians, but is not a surprise to researchers on this issue,” Thompson continues. “People concerned about attracting people to a state and keeping them there should really focus on creating jobs, and even be willing to raise taxes to do it. People are not going to leave a state because of some modest change in taxes, but they will leave if public safety deteriorates and if there are no jobs.”

Jeffrey Thompson is a research economist at the Political Economy Research Institute at the University of Massachusetts, Amherst. His work on New England regional tax and budget issues is funded, in part, by the New England members of the State Fiscal Analysis Initiative network.

The full study *The Impact of Taxes on Migration in New England*, is available at [www.peri.umass.edu](http://www.peri.umass.edu), along with a four-page research brief, and an individual research brief focusing on each of the six New England states.

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