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States with Progressive Tax Systems Are the Most Millionaire Friendly

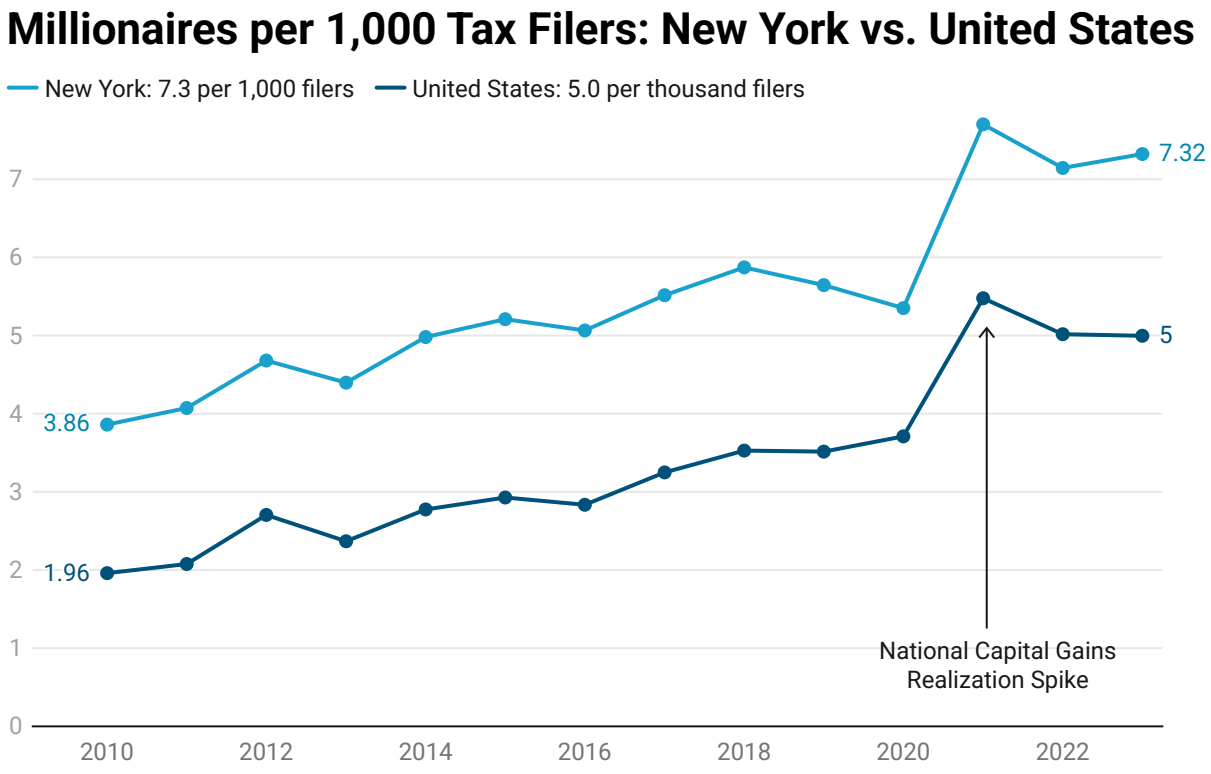
New IRS data confirm millionaire exodus to low tax states is a myth

A nationwide affordability crisis and draconian federal cuts to healthcare and food assistance have put states across the country under profound pressure. In response, many states including New York are considering significant new revenue measures to bolster social safety net programs. Yet whenever a state proposes raising revenue by taxing its wealthiest residents, it faces a familiar chorus of objections that the wealthy will simply decamp for lower tax states. This claim flies in the face of substantial evidence showing that *millionaires do not move in response to tax hikes*.[1]

The most recent piece of evidence demonstrating that tax hikes do not cause high-earner migration was published on August 21 by the Internal Revenue Service (IRS). New data on 2023 tax filings from the IRS show that the states with the most progressive tax systems—California, Connecticut, Massachusetts, New Jersey, New York, and Washington, DC—also have the highest concentration of millionaires in the US. In other words, millionaire earners continue to live in the states with the highest taxes. Every jurisdiction in this group applies a top marginal personal income tax on millionaire earners. New York in fact saw a slight increase in its concentration of millionaire earners in the 2023 IRS data, despite the country as a whole seeing the share of millionaire earners remain flat. These concentration figures corroborate what administrative data on top earner migration have shown directly: millionaire tax flight is rare.[2]

[1] See for instance, "Who is Leaving New York State? Part I: Income Trends," December 5, 2023, https://fiscalpolicy.org/migration.
[2] Cristobal Young and Ithai Lurie, "Taxing the Rich: How Incentives and Embeddedness Shape Elite Tax Flight," *American Journal of Sociology* 131, no. 2. (2025), https://doi.org/10.1086/737165.

Figure 1. Millionaires per 1,000 tax filers, 2010 to 2023

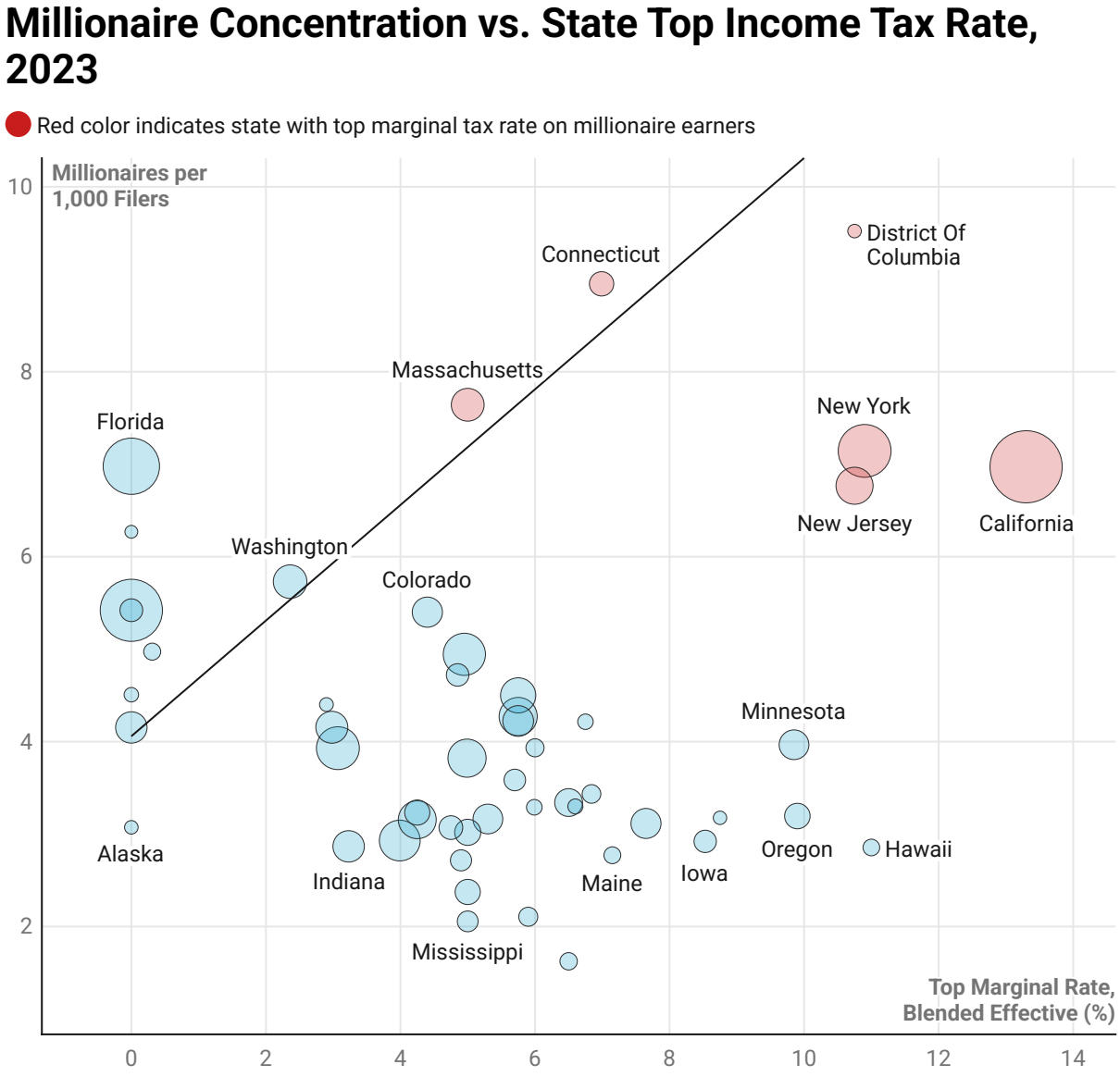


"Millionaire" = a tax return reporting $1,000,000+ in adjusted gross income (AGI) for that year - an annual income flow, not a wealth measure

Source: IRS Statistics of Income (SOI), Historic Table 2, TY2010-2023

Across the US, states with progressive marginal tax rates on income above $1 million tend to have more millionaires per filer. This can be seen in figure 2, which shows the correlation between millionaire concentration and top marginal tax rate across all fifty states in 2023. We can see that the states with the highest top marginal tax rate are those with the largest concentrations of millionaire earners.

Figure 2. Millionaire concentration vs. state personal income tax top marginal tax rate, 2023

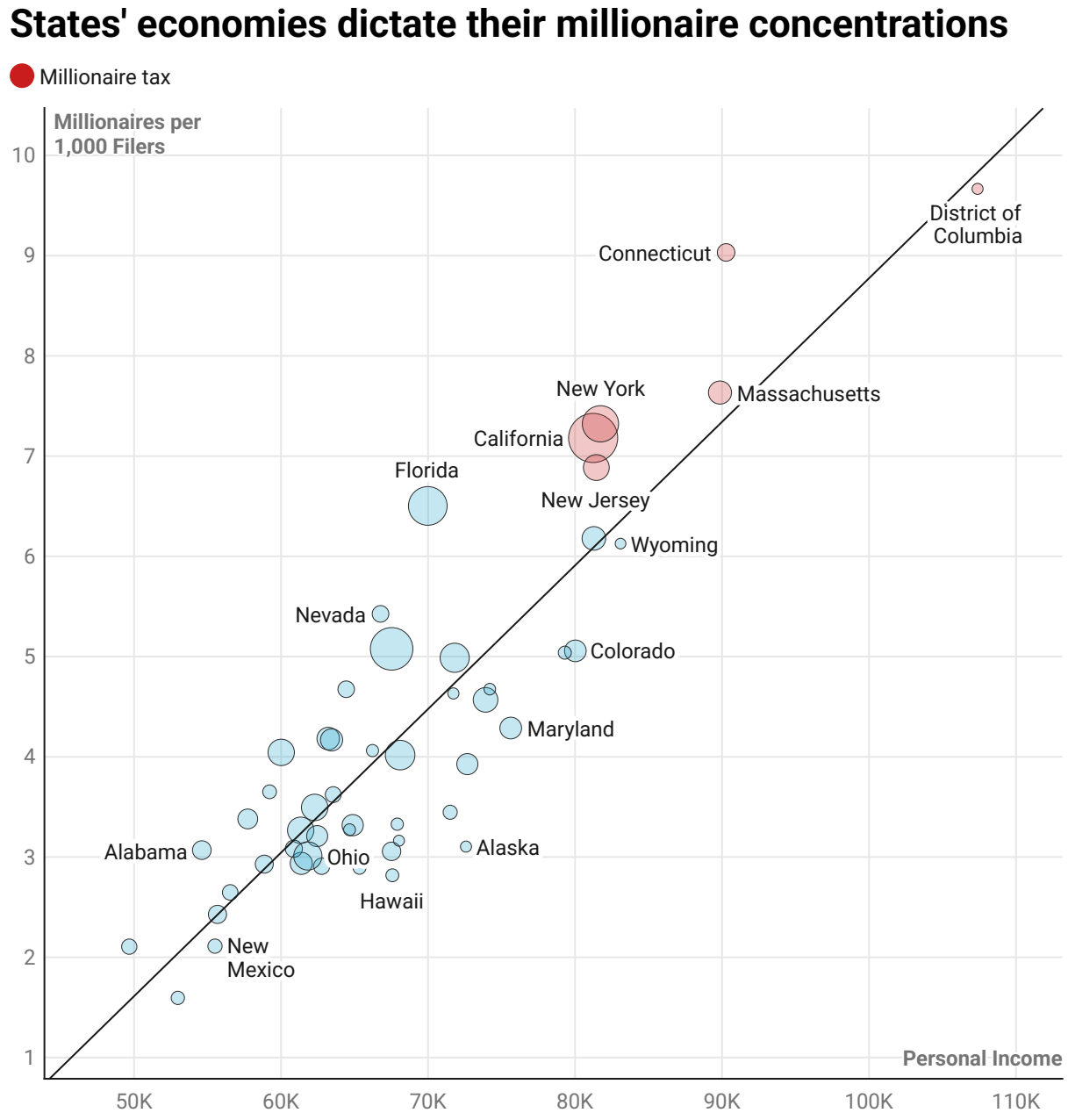


Circles = states, sized by total state tax filers. Linear regression weighted by total tax filers in 2023. Milllionaires = AGI ≥ $1M. Y-axis: per 1,000 tax filers NH, TN, and WA have taxes on investment income only. Rates shown are blended effective rates: statutory rate x share of $1M + AGI subject to tax.

Source: Milllionaires: IRS SOI Historic Table 2. Tax rates: Tax Foundation.

It is important to note that the share of millionaires in a state is much more strongly related to the overall strength of the state economy. For example, higher personal income per resident is strongly associated with higher concentrations of millionaires. In turn, the most prosperous states tend to have the most progressive tax systems. These states attract the most educated workforces and possess the most capacity to invest in high-quality public services and infrastructure.

Figure 3. Millionaire concentration vs. state personal income, 2023



States with millionaire share taxes shaded in red. Massachusetts's millionaire tax took effect 2023. Washington state's surtax on capital gains income above $1 million in effect 2025; a 9.9% rate on all income above $1 million will take effect in 2028.

Source: IRS Statistics of Income, Tax Year 2023: Historic Table 2 and prior editions.

The economic edge that millionaire-tax states have over the rest of the US has been remarkably constant over time. In 2010, the five states (including DC) with millionaire taxes were home to 3.2 millionaires per 1,000 filers—1.2 millionaires more than the country as a whole. In 2023, this figure rose to 7.3 millionaires—2.3 above the national average. By contrast, the millionaire concentrations of zero-tax states have hewed close to the national average. The one major outlier to this trend had been Florida, which consistently ranked among the top five states in terms of "millionaire share." Florida is

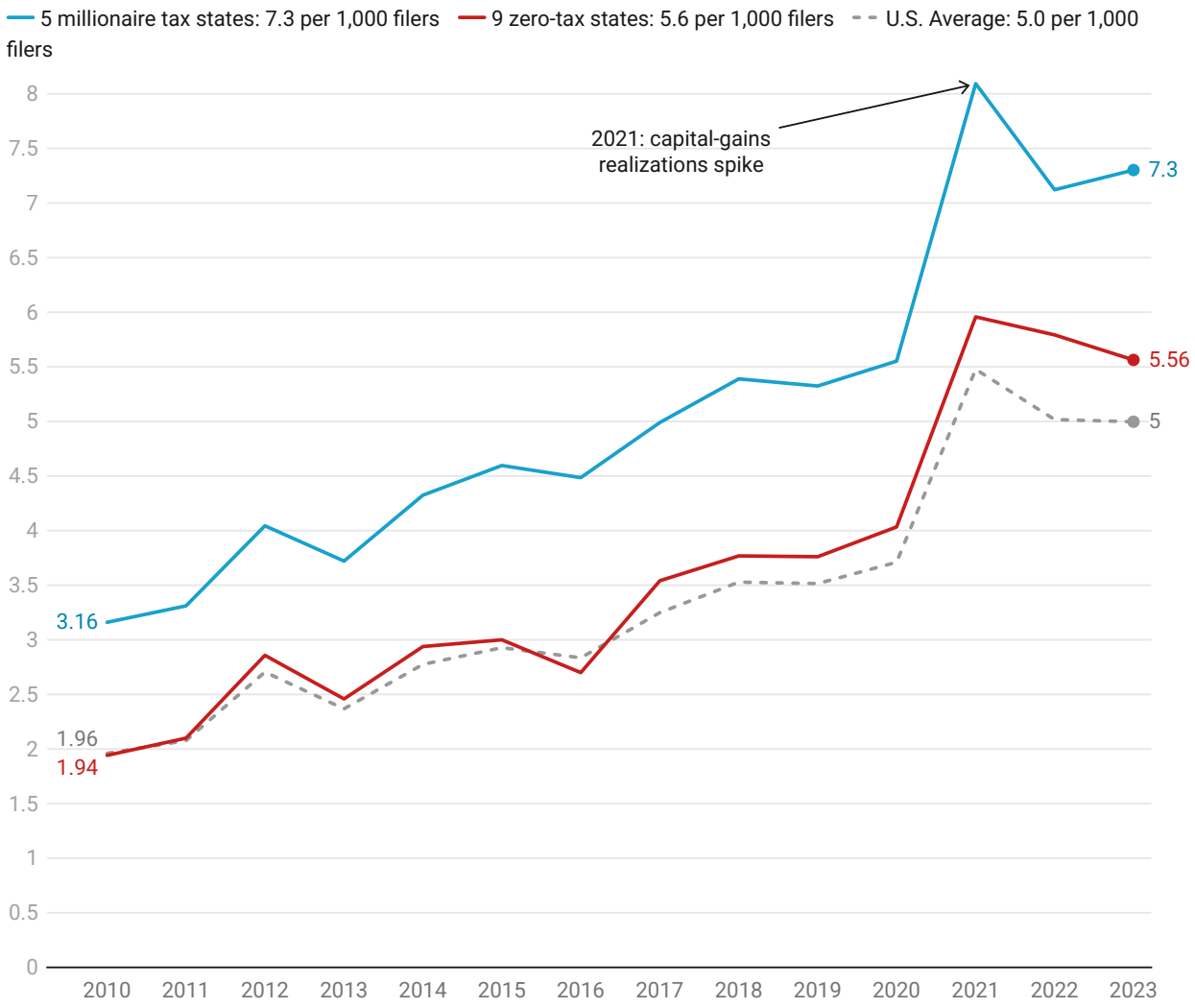
unique among zero income tax states for its ability to attract high net worth individuals despite low public investment. However, Florida saw a notable decline in millionaire share in 2023, just as multiple other states increased their top tax rate on high earners. If tax increases were pushing high earners to move to Florida, we would expect to see the opposite trend: Florida's millionaire share increasing as other states increase their taxes on millionaires. The 2023 data are consistent with what the migration literature has long shown: marginal increases in millionaire tax rates are not a key driver of high earner migration.

The lesson for state tax policy is clear: states with strong economies—educated workforces, quality public services, and infrastructure—attract and retain high earners, and the states that invest most in those foundations tax their millionaires to do it. The predicted exodus, year after year, fails to appear.

Figure 4. Millionaire concentration over time for states grouped by tax regime

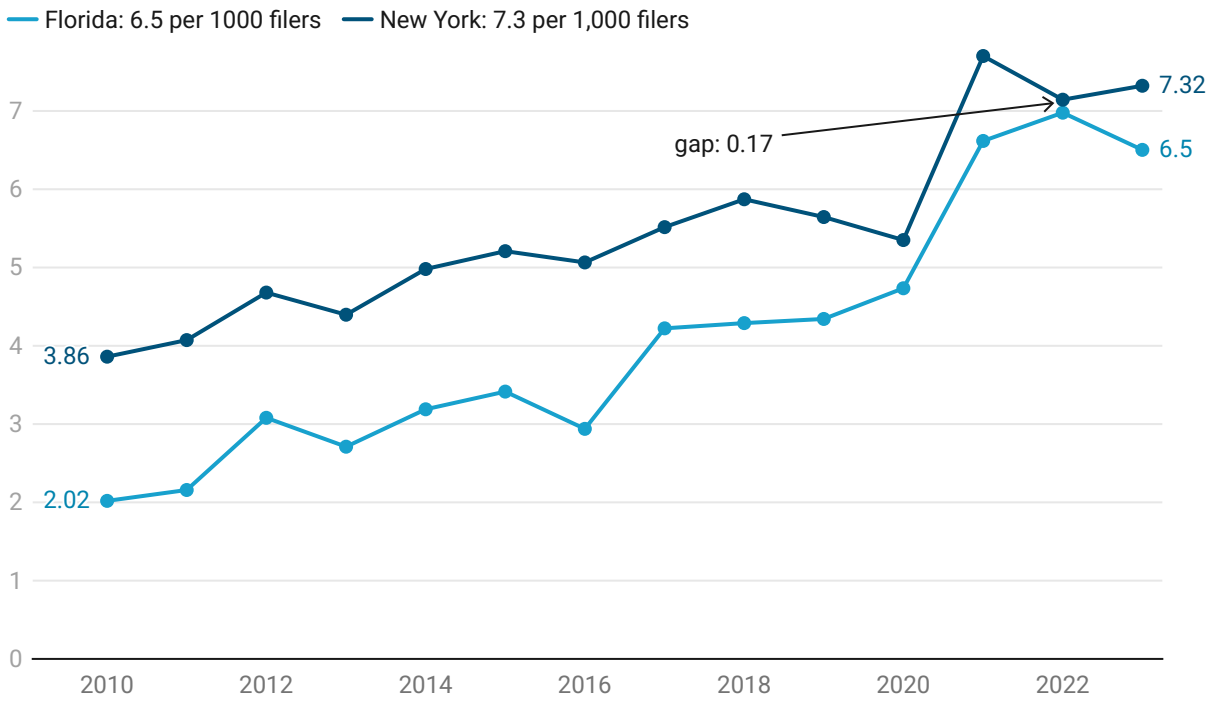
States with explicit millionaire taxes led density growth across the period

Aggregate millionaire filers per 1,000 tax filers, by state group 2010–2023



Source: IRS Statistics of Income, SOI Historic Table 2. Millionaire Tax Group: CA, CT, DC, NJ, NY.

Figure 5. Millionaire concentration over time for Florida and New York



"Millionaire" = a tax return reporting $1,000,000+ in adjusted gross income (AGI) for that year.

Source: IRS Statistics of Income (SOI), Historic Table 2, TY2017-2023