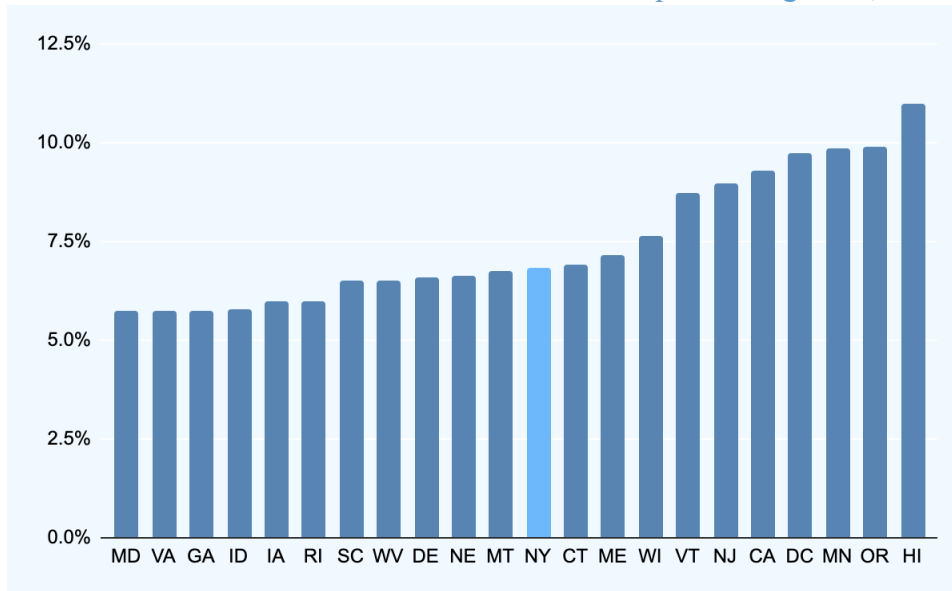


Fact Sheet: Middle-Class Migration and Taxes

Upper middle class New Yorkers pay average income taxes by national standards.

Tax rates in 22 different states on a married couple earning \$500,000



The personal income tax is relatively flat for 99.5 percent of taxpayers.

- A married couple earning \$350,000 and a married couple earning \$2 million pay the same tax rate.

New York personal income tax rates on 99.5% of married filers



Middle-class New Yorkers are not affected by recent or proposed tax changes.

- New York’s middle-class income taxes are about average for a state in the US.
- The fiscal year 2023 budget accelerated previously-enacted middle class tax cuts. The tax cuts, which lower tax rates for middle-income tax brackets, were enacted in 2016 and set to phase in between 2018 and 2025. The fiscal year 2023 budget fully phased in lower rates in 2023.

Income Bracket	2017	2023
\$43,000 - \$161,550	6.45%	5.85%
\$161,550 - \$323,200	6.65%	6.25%

- The 2021 Personal Income Tax increase only affected New Yorkers earning over \$1 million (single filers) and over \$2 million (joint filers). This is the top 0.6% of New Yorkers.

When New Yorkers leave the state, half move to high tax states near New York.

- Approximately half of people moving out of the state (48%) moved to states with high state and local taxes.¹
- Of the top 5 destinations for New Yorkers moving out of state, only one — Florida — is a low-tax state:²
 - Florida (18%)
 - New Jersey (18%)
 - Connecticut (7%)
 - Pennsylvania (7%)
 - California (6%)

Middle-class New Yorkers are moving because they cannot afford New York’s housing costs.

- Of the twenty top destination counties for migrating New Yorkers, 90% had lower median housing costs.³ Housing is the largest expenditure for an average U.S. household.⁴
- Households moving to these counties lowered their housing costs by 35%.⁵

¹ FPI analysis of IRS SOI data, 2020

² FPI analysis of IRS SOI data, 2020

³ <https://fiscalspolicy.org/wp-content/uploads/2023/01/Fiscal-Policy-Institute-Housing-Costs-Not-Taxes-Drive-Migration-out-of-New-York.docx.pdf>

⁴ See Table 1: U.S. Bureau of Labor Statistic, “Consumer price index new release” (November 2022),

https://www.bls.gov/news.release/archives/cpi_12132022.htm.

⁵ <https://fiscalspolicy.org/wp-content/uploads/2023/01/Fiscal-Policy-Institute-Housing-Costs-Not-Taxes-Drive-Migration-out-of-New-York.docx.pdf>

- Nearly one-third (32%) of New York’s net outmigration flowed to the neighboring states of New Jersey, Connecticut, and Pennsylvania⁶ — states in the metro area with a lower cost of living.⁷

Middle-class New Yorkers are moving to non-NY suburbs that have more housing stock.

- The top two most popular destinations for New Yorkers are both suburbs of New York City: Hudson County, New Jersey and Fairfield County, Connecticut.⁸
- Moving families typically leave the city for the suburbs, and 62% of New York City’s suburbs are not in New York State.⁹
- The New Jersey and Connecticut suburbs of NYC produce much more housing than Long Island and Westchester, which have some of the lowest rates of housing production in the country.¹⁰

⁶ Internal Revenue Service, “2019-2020 Migration data by individual state—New York” (May 2022), <https://www.irs.gov/statistics/soi-tax-stats-migration-data-2019-2020>.

⁷ FPI analysis of Zillow estimates

⁸ Internal Revenue Service, “2019-2020 Migration data by individual state—New York” (May 2022), <https://www.irs.gov/statistics/soi-tax-stats-migration-data-2019-2020>.

⁹ U.S. Census Bureau “2020-2021 county population totals,” (March 2022)

<https://www.census.gov/data/tables/time-series/demo/popest/2020s-counties-total.html>. The New York metropolitan area includes counties in southern New York, northern New Jersey and Pike county, Pennsylvania. It does not include counties in Connecticut.

¹⁰ New York City Department of Planning, “NYC Metro 2020 housing production snapshot” (November 2021), <https://www.nyc.gov/assets/planning/download/pdf/planning-level/region/nyc-metro-housing-production-2020-snapshot-1121.pdf>