

Who Is Leaving New York?

Part I: Income Trends

High earner migration raises multiple policy concerns.

As a tax policy matter, if high earners leave the state in search of lower taxes, this imposes a limit on how high the state can raise its tax rates. In state fiscal terms, a decline in the total high earner population could result in an overall loss of revenue, thereby destabilizing the state's finances. Finally, in economic perspective, high earner out-migration could be a negative economic indicator for the state. A trend of high earners relocating to states unlike New York could signal a long-term decline in the state economy.

FPI's report, "Who Is Leaving New York?" refutes each of the above concerns. This report finds that outside of the Covid pandemic years, high earners move at a lower rate than working- and middle-class New Yorkers. This is true for the three years prior to Covid as well as 2022, the most recent year for which data is available. Further, following two increases in the effective tax rates imposed on high earners — in 2017 and 2021 — there was no behavioral response among high earners that indicated migration out of the state. When high earners do move, they are more likely to move to another high tax state than to a low tax state, indicating that taxes are relatively low on the list of motivating factors in high earners' moving decisions.

These trends changed in 2020 and 2021, the main years of the Covid pandemic. Many New York residents left the state, largely reflecting city residents moving to suburban or rural areas in search of more living space and lower population density. This transition was easier for high earners than any other income group, given the spread of working from home among white collar workers. While high earners did leave at higher rates than all other income groups during the Covid pandemic, this trend returned to normal by 2022.

In response to pandemic migration trends among high earners, one might raise the fiscal and economic concerns mentioned above: Perhaps the state's revenues are suffering from the loss of so many high earners, and perhaps that loss signals a problem for the state economy.

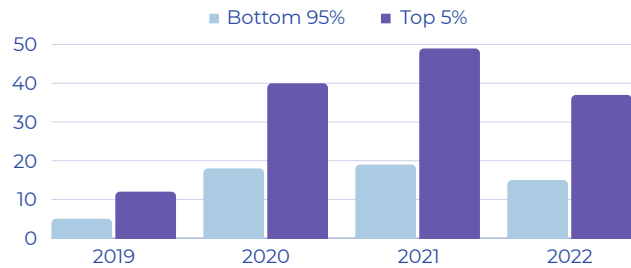
Fortunately, the State's fiscal and economic outlook is strong, in particular with respect to the high earner population. Despite out-migration by some high earners during the pandemic, the state's total population of those earning over \$1 million annually grew by about 30 percent during the pandemic. Thanks to federal stimulus policies, low interest rates, and a booming stock market, many high earning New Yorkers saw significant income gains during the pandemic. The State's tax revenues also grew substantially during the pandemic and have remained relatively steady. Thus, not only is high earner tax migration largely a myth, but there is no need to fear for the State's fiscal and economic future.

[Read the full report at FiscalPolicy.org/Migration](https://FiscalPolicy.org/Migration)

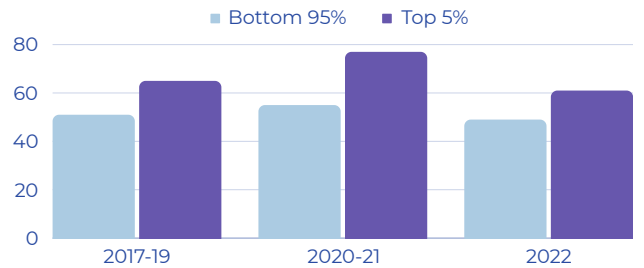
Covid, not taxes, explains high-earner migration out of New York in 2020 and 2021.

1. High-earner migration out of New York during Covid was temporary, and primarily driven by work-from-home and flight from New York City.

% of population that works from home

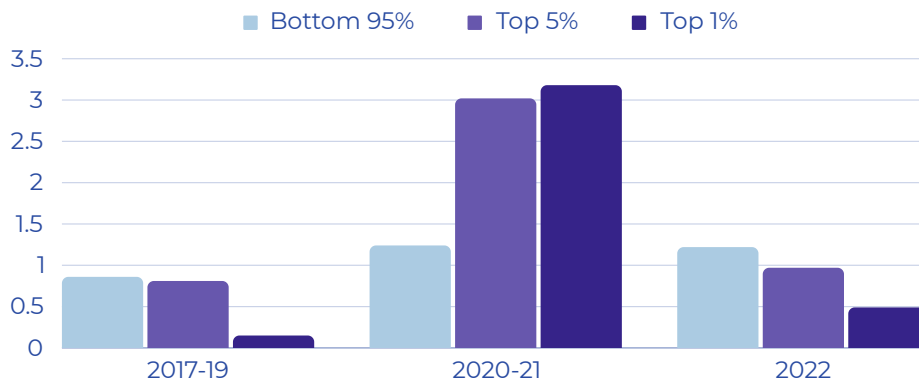


% of out-migrants that moved from NYC



2. In 2022, after two years of elevated, pandemic-induced out-migration, high earners' migration rates returned to pre-Covid levels.

Net out-migration rates



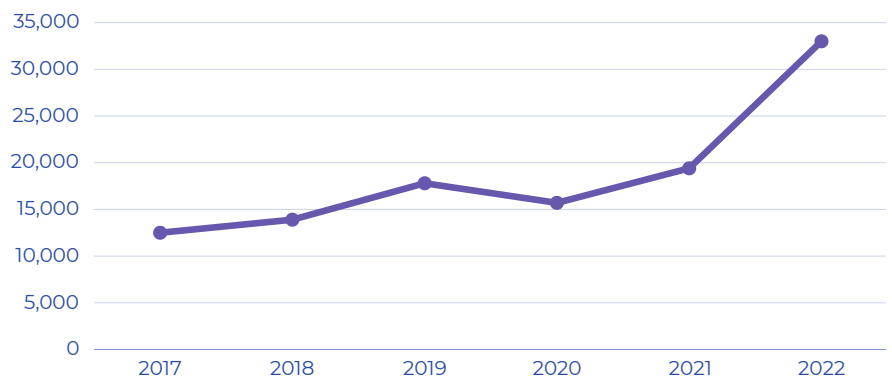
Prior to Covid, working and middle-class New Yorkers were leaving at 4x the rate of wealthy New Yorkers.

Now, working and middle-class New Yorkers are once again leaving at higher rates than the wealthy.

3. Despite some millionaires leaving during Covid, New York's millionaire population grew significantly.

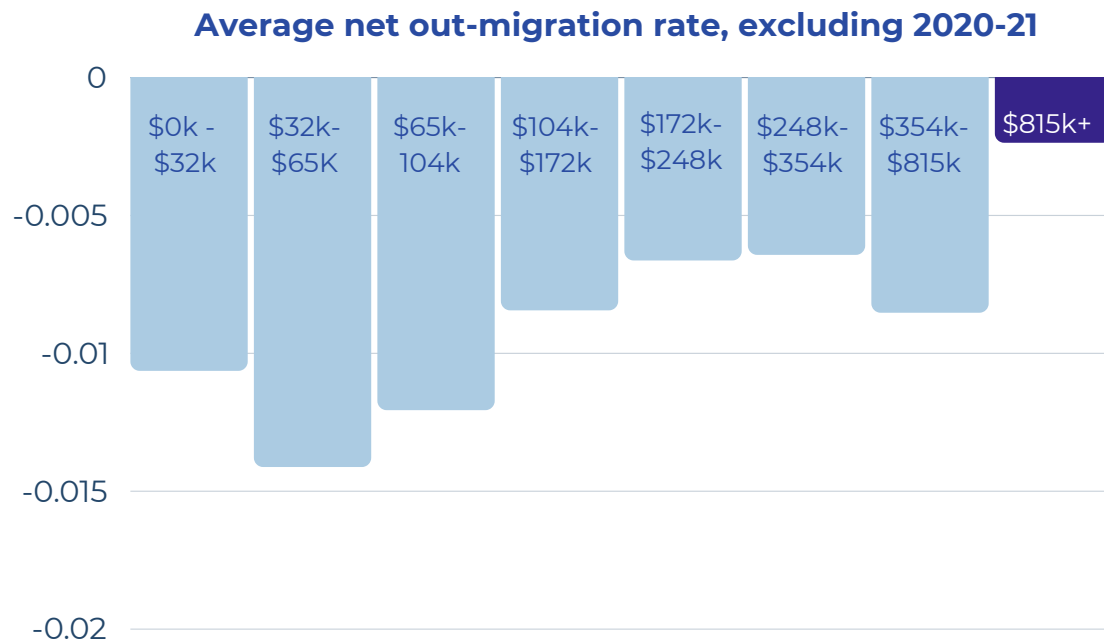
While New York lost 2,400 millionaire households over the past three years (2020 - 2022), New York gained 17,500 millionaire households in the same period due to a strong economy and rising wages.

Households earning \$1 million+



There is no statistically significant evidence of tax migration out of New York.

1. The wealthiest New Yorkers typically move at lower rates than the rest of New Yorkers in non-Covid years.



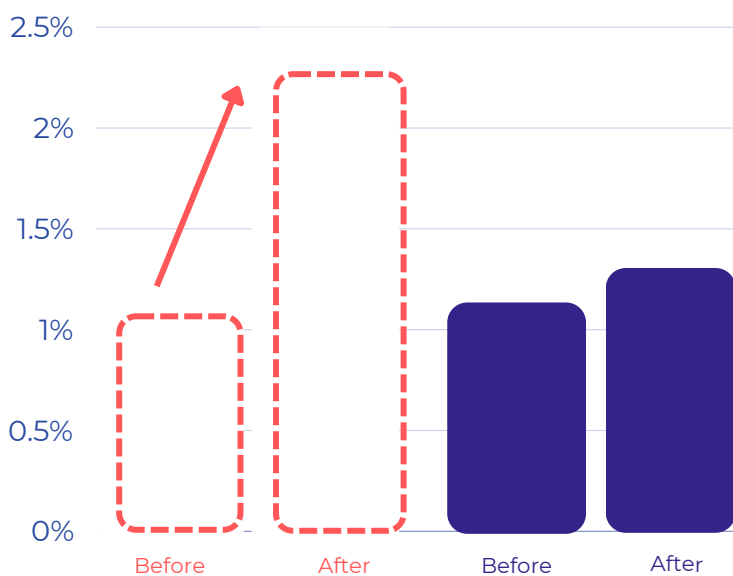
The top 1% of New Yorkers — those earning over \$815,000 — move out of New York State at one-quarter the rate of the rest of the population during typical, non-Covid years.

2. Raising taxes on the wealthy does not increase their rate of leaving New York.

The rate of out-migration for high earners did not rise significantly following two recent effective tax increases.

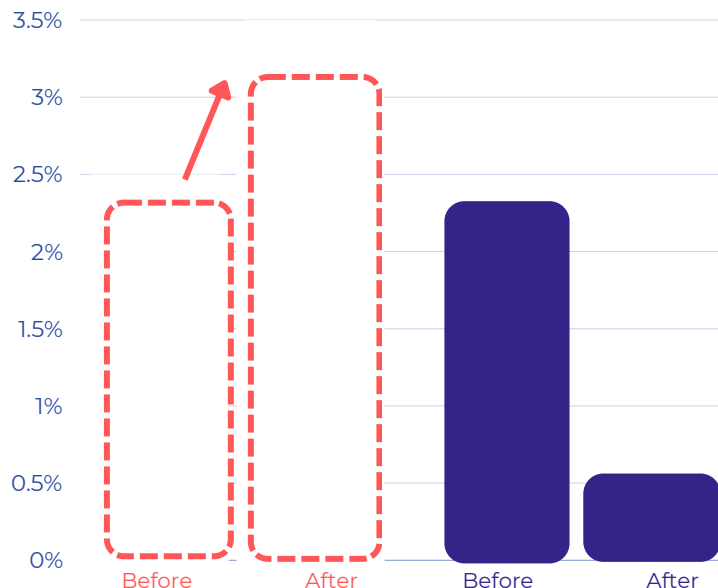
Out-migration rate for top 1% Before and after 2017 effective tax increase

Theoretical tax migration: significant rate increase
Actual rate of out-migration: negligible change



Out-migration rate for top 1% Before and after 2021 tax increase

Theoretical tax migration: significant rate increase
Actual rate of out-migration: large post-Covid decline



There is no statistically significant evidence of tax migration out of New York.

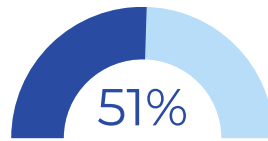
3. When high earners do move out of New York, they are more likely to move to other relatively high tax states.

Where are the top 1% going?

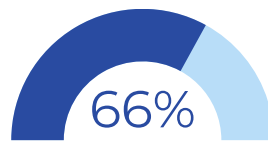
- 28% - Connecticut
- 27% - New Jersey
- 22% - California
- 9% - Florida

Likelihood of moving to a high tax state.

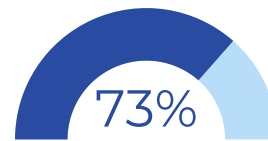
Bottom 95%
(\$0k - 354K)



Top 5%
(\$354K - \$815k)



Top 1%
(\$850k +)



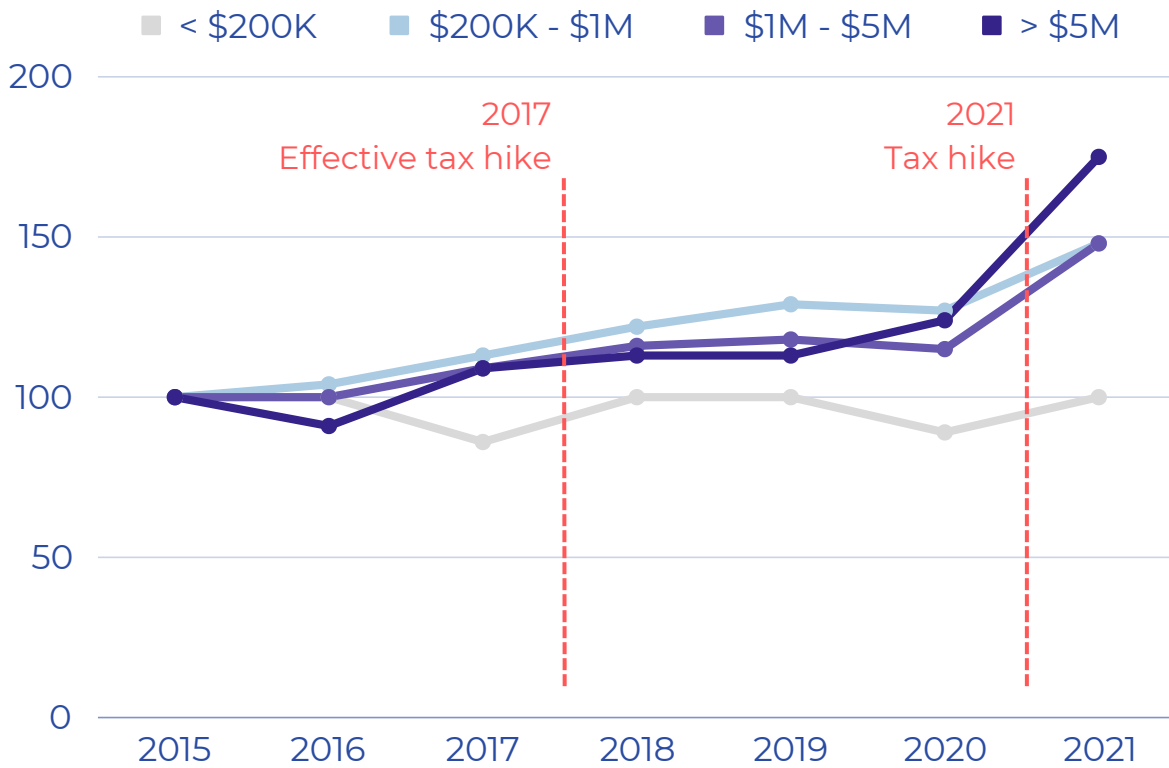
To read the full report, "Who Is Leaving New York State? Income Trends"

visit

[Fiscalspolicy.org/Migration](https://fiscalspolicy.org/Migration)

4. New York's population of wealthy New Yorkers rose after the two most recent effective income tax hikes.

Total tax returns by income, 2015 to 2021



2017: Federal SALT cap raises high earners' taxes