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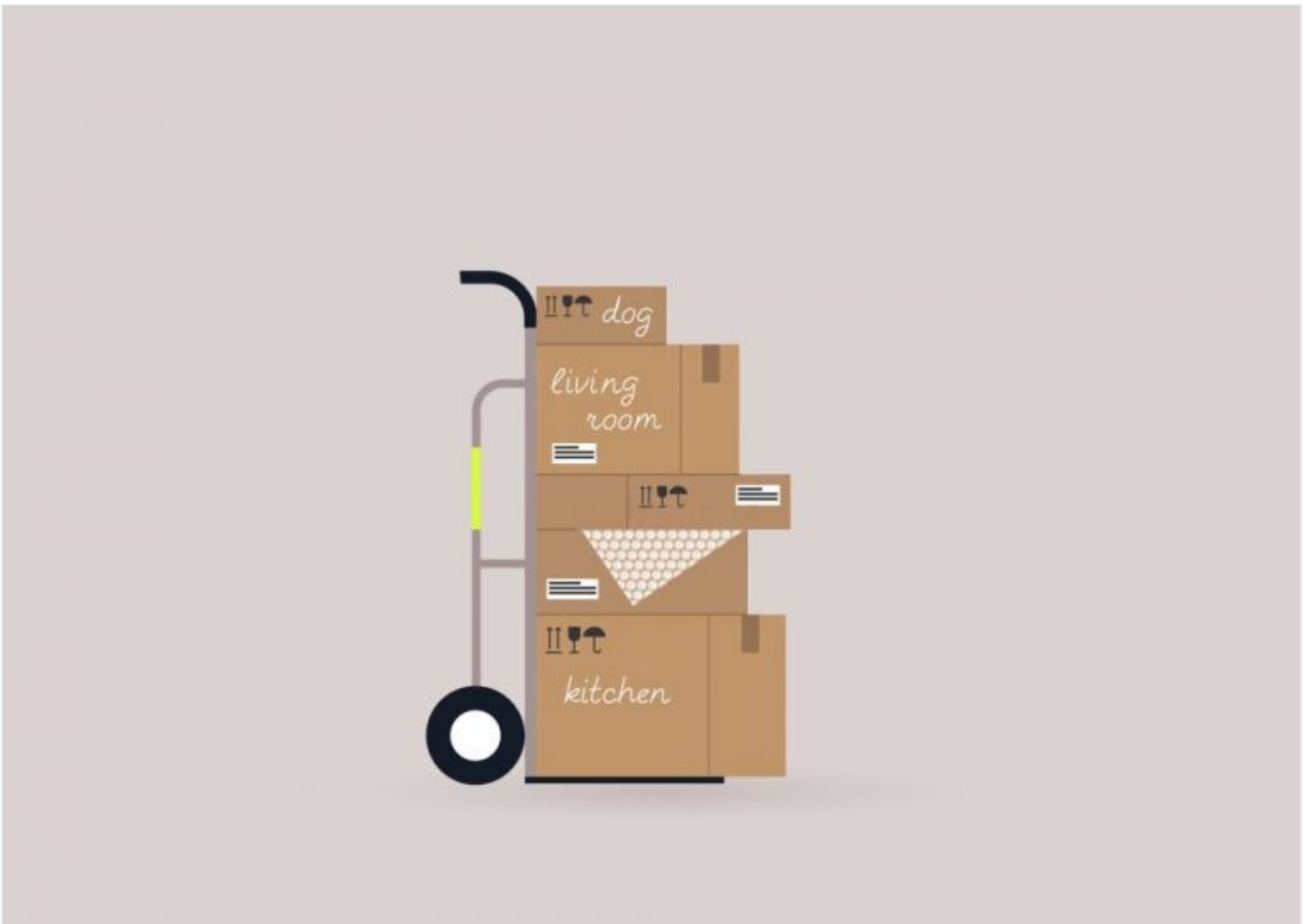
these states don't tax income.

May. 08, 2023



By Katelyn Washington, Kiplinger Consumer News Service (TNS)

Given the economy, many people are looking to save money where they can. Reducing taxes is one way to cut costs, and sometimes moving from a high-tax state to a low-tax state can eliminate thousands of dollars in expenses year after year. After

all, if $3,729 of your annual salary goes to state income tax, moving to a state that

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New York and California gained some residents, but far fewer than the numbers lost. New York gained less than one resident for each it lost. California fared slightly better from a percentage standpoint but lost more people overall.

IRS migration data was gathered using federal tax returns filed in 2020 and 2021 on which taxpayers indicated that they moved (between 2019 and 2020) from one state to another. Numbers reflect the gross population loss.

Californians flee to low-tax states

In terms of people looking for low-tax states, California lost more residents than any other state, according to the data. Over 700,000 individuals fled California's high taxes in favor of other states with lower taxes. Those taxpayers took more than $50 billion in adjusted gross income (AGI) with them. Most of these former Californians chose Texas as their new home. The California income tax rate can be as high as 12.3%, but Texas doesn't tax income.

New York came in second as the state that lost the most taxpayers from 2020 to 2021. The Empire State lost 486,344 residents to other states, and those people took over $38 billion in income with them.

Other findings from the data show that:

- More than 84,000 New Yorkers moved to Florida (yet another state with no income tax). Florida gained over $11 billion from former New Yorkers alone.
- New York lost more than 23,000 residents and over $1.6 billion in AGI to Texas.
- More than 40,000 New Yorkers relocated to the Carolinas.
- 7,441 New Yorkers moved to Tennessee.

Low property tax states

More than 184,000 people relocated to South Carolina. That's partly because the

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0.8%, the move still saves people thousands of dollars in property taxes. Homes in California are typically assessed at higher values, causing an average real estate tax bill of over $4,000. However, North Carolina homeowners enjoy an average property tax bill of less than $1,600.

High-tax relocation trends

Although this migration data is recently released, taxpayers fleeing from high-tax states like California and New York is not a new thing. Those states have seen their populations decline for years, according to data from the U.S. Census Bureau.

California has steadily lost residents since 2020, and New York has also remained a leader in population loss since 2020. Both states have a notoriously high cost of living. When coupled with high tax rates, it's not entirely surprising that some people want out.

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