

# Taxpayer Migration by Age and Income: Evidence from the IRS

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September 11, 2019



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# How does taxpayer migration affect Vermont and other Eastern States?

- As populations get older, in-migration can be a potential solution to filling open jobs and providing new tax revenue
  - Long-standing debate about high-income filers leaving
- Here, JFO used a dataset from the Internal Revenue Service to highlight the types of tax filers that moved to and from Vermont
  - 2011 to 2016 in 2-year pairs
  - All 50 states
  - Age of primary filer
  - AGI before and during the year of the move (not after)

# Key findings

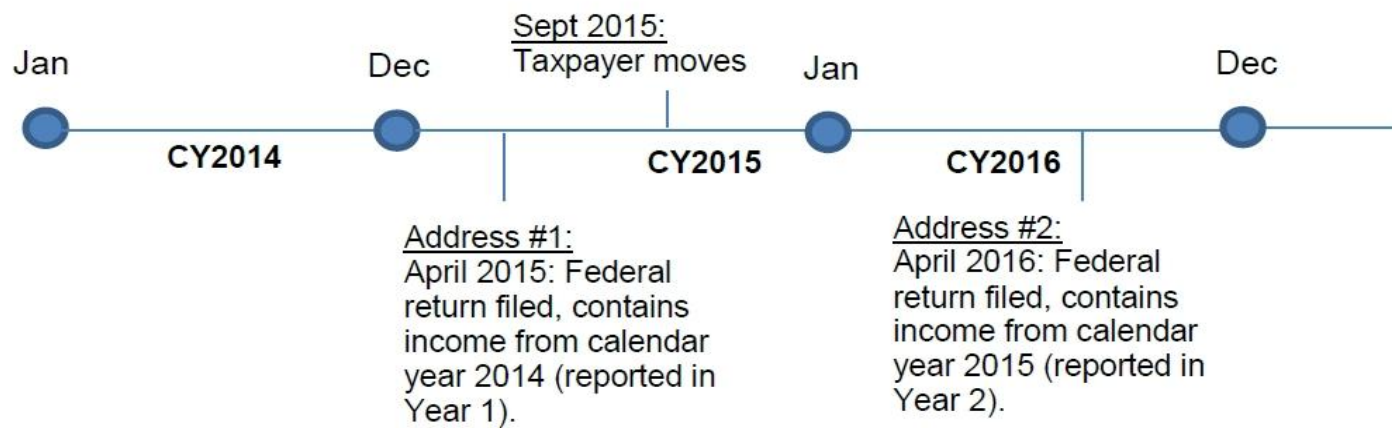
1. Overall, Vermont lost 4,167 taxpayers on net to migration over the period 2011 to 2016 according to the IRS database.
  - Over the five years, 43,714 taxpayers migrated into Vermont
  - And 47,881 taxpayers migrated out
  - Vermont's population at the time was about 625,000
2. On net over the 5-year period, Vermont lost significant numbers of taxpayers reporting lower- and middle-incomes (below \$100,000).
3. On net over the 5-year period, Vermont gained 126 high-income taxpayers with AGI of \$200,000 or above in the year of their move.

# An important caveat

The data set does not allow definitive conclusions about migration of incomes, and, therefore, *changes in state taxable income*.

- We do not know income in the year following the move, when the taxpayer is living and working in the destination state.

The IRS Database contains two measures of income: Year 1 and Year 2. The graphic below illustrates an example of a taxpayer who moved during the 2015-2016 period and the corresponding Year 1 and Year 2 incomes.



# Information in the data set

We know the income group and the age of the taxpayer in the year of the move (Year 2)

- Recall that AGI in Year 2 is likely a mix of home state income and destination state income

<b>Income Groups</b>
\$0-\$10,000
\$10,000-\$25,000
\$25,000-\$50,000
\$50,000-\$75,000
\$75,000-100,000
\$100,000-\$200,000
\$200,000+

<b>Age Groups</b>
Under 26
26-34
35-44
45-54
55-64
65+

Hence the income groups represent general indications of migrant taxpayer affluence.

# Characteristics of movers

- Most of Vermont's in-migration and out-migration is among lower-and middle-income taxpayers (up to \$100,000)

Vermont					
	Percent of Total VT Tax Returns in Cohort (2016)	In-Migration		Out-Migration	
		Percent of Total	Number	Percent of Total	Number
\$1-10k	10%	14%	5,933	14%	6,642
\$10k-25k	20%	29%	12,482	29%	13,697
\$25k-50k	28%	27%	11,863	28%	13,252
\$50k-75k	16%	12%	5,160	12%	5,676
\$75k-100k	11%	7%	2,847	7%	3,117
\$100k-200k	12%	9%	3,783	8%	3,977
\$200k+	3%	4%	1,646	3%	1,520
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>43,714</b>	<b>100%</b>	<b>47,881</b>

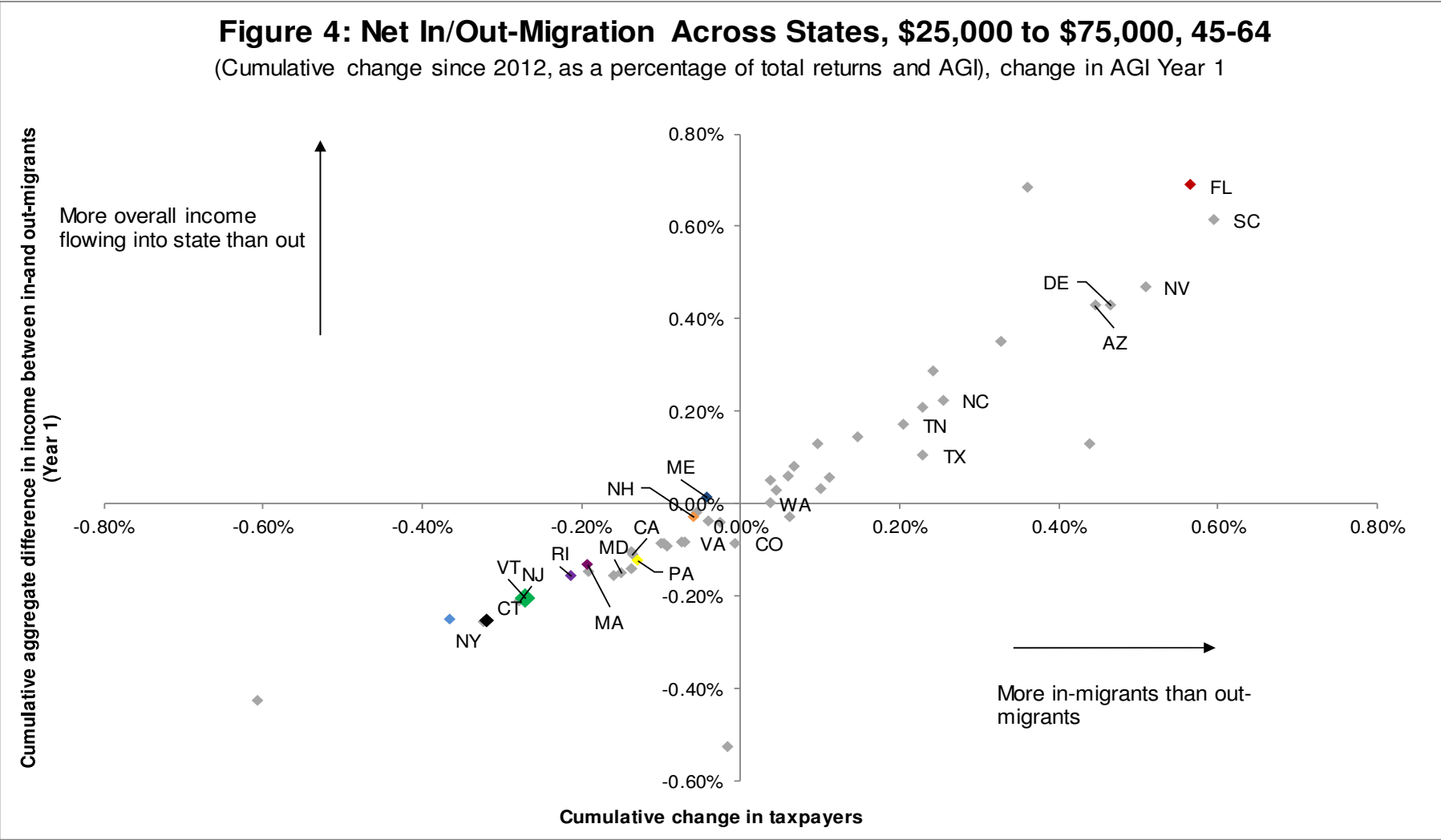
# The other New England states

- The rest of the New England states have more in- and out-migration among higher-income taxpayers, with AGI \$100,000 and above

	New England (less VT)				
	Percent of Total NE Tax Returns in Cohort	In-Migration		Out-Migration	
		Percent of Total	Number	Percent of Total	Number
\$1-10k	7%	12%	85,695	11%	93,082
\$10k-25k	17%	24%	173,367	23%	192,060
\$25k-50k	24%	26%	192,418	26%	214,527
\$50k-75k	16%	14%	103,477	14%	118,788
\$75k-100k	11%	8%	57,963	8%	69,745
\$100k-200k	18%	11%	78,481	12%	96,234
\$200k+	7%	5% } <b>16%</b>	40,095	6% } <b>18%</b>	46,638
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>731,496</b>	<b>100%</b>	<b>831,074</b>

- Note: These numbers include moves within New England.

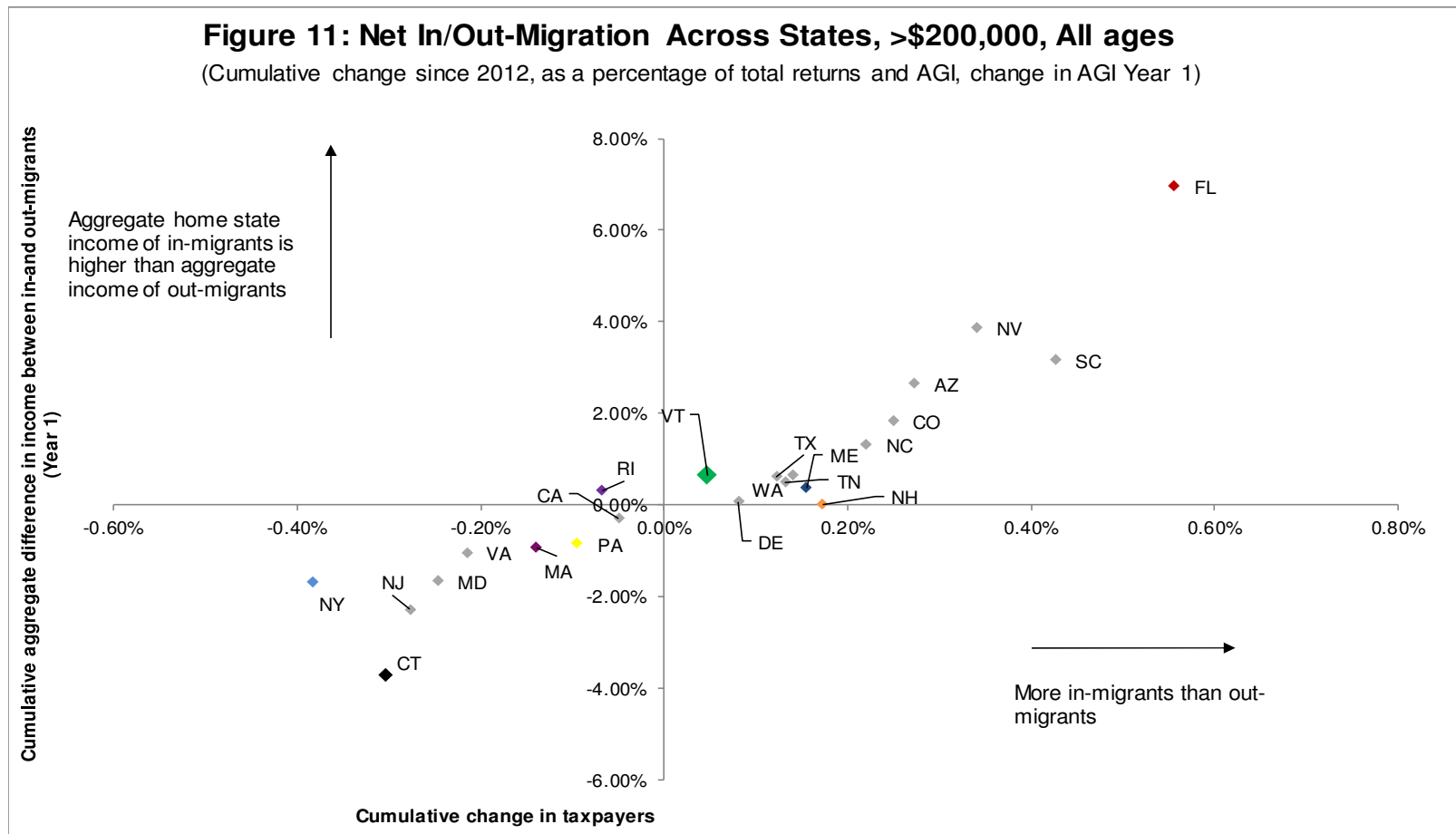
# Vermont loses a higher share of taxpayers ages 45 to 64 with incomes \$25,000 to \$75,000





# A bright spot for Vermont

On net, Vermont gained 126 taxpayers with over \$200,000 in income over the 5-year period; 100 of these were ages 26-44



## To read the paper

- *Taxpayer Migration by Age and Income: Evidence from the IRS*
  - Published on Aug 27, 2019 by Graham Campbell and Chloe Wexler, Joint Fiscal Office
- <https://ljfo.vermont.gov/assets/Publications/Issue-Briefs/3bed2c98d0/Age-and-Income-Issue-Brief-Final.pdf>
- Questions?
  - Contact Graham at [gcampbell@leg.state.vt.us](mailto:gcampbell@leg.state.vt.us)