A Report From:

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Income Taxes and Ohio Migration: A Link that Doesn't Exist

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Policy Matters Ohio is a non-profit, non-partisan policy research institute dedicated to researching issues that matter to Ohio's working families. We seek to broaden the debate about economic policy in Ohio by providing Ohio's citizens, reporters and policy makers with essential tools to participate in public discussion. Ultimately, we believe that a broader debate will lead to a stronger and more just society. Other areas of inquiry for Policy Matters included economic development, education, work, wages, and benefits; privatization, basic needs, job growth, and unemployment. For funding of the institute, we are grateful to the George Fund Foundation, the St. Ann Foundation, the Nord Family Foundation, the Joyce Foundation, and Greater Cleveland Community Shares.

Executive Summary

This analysis of interstate migration data from the Internal Revenue Service (IRS) considers the portion of Ohio's population that migrates in or out of the state each year. Out-migration has contributed to Ohio's relatively slow population growth. Over a 15-year period between 1988 and 2003, more people left Ohio than came into the state each year. In 2003, Ohio lost more households per 1,000 than all but nine other states and the District of Columbia. However, migration does not appear to be linked to state income-tax policy.

Median incomes of those migrating in or out of Ohio were substantially lower than median incomes of those staying in Ohio. Median incomes of those who left were slightly higher than for those who entered the state, although that gap is narrowing. Other findings include:

♦ More Ohioans migrate to Florida than any other state: in 2003, 14% of outward migrants went to that southern state. Other top states of choice are Kentucky, Michigan, Indiana, California, and Pennsylvania. Of these, only Florida has no personal income tax.

♦ The same states that attract Ohioans send people here. Florida is always the top sender state. Michigan, Kentucky, Pennsylvania, Indiana, and California usually rank among the top five senders.

♦ All states bordering Ohio except Kentucky have negative migration rates (more people leaving than coming in) for most of the fifteen years studied. Overall, states with negative migration rates have a variety of state income tax policies.

♦ In 2003, Ohio lost nearly three households for every 1,000 in the state (a rate of -2.9). In that same year, area states with flat income tax rates fared poorly as well. Illinois and Michigan were worse (losing 5.5 and 3.6 households per 1,000) and Pennsylvania gained a negligible .03 households per 1,000. Two states (of eight total) with no state income taxes, Wyoming and South Dakota, also had negative migration rates.

During the period studied, Ohio made two major changes to its income tax structure that would be likely to affect migration if income taxes were a major factor in location decisions. In 1993, Ohio added a top tax rate of 7.5% on income of $200,000 or more. Between 1996 and 2000, a temporary income tax cut was in place, which returned more than $2.2 billion to taxpayers during those years. Thus, if income taxes were a significant factor in such decisions, we might expect outward migration to have increased between 1993 and 1996, and to have decreased between 1996 and 2000. In fact, outward migration does not correspond to these predictions.

In 2003, the final year of analysis, the 92,147 households that left Ohio represented 2 percent of Ohio households, while those that entered Ohio made up 1.8% of households. Some population changes attributed to migration may instead be due to aging – for example, a recent 5.3 percent drop in 25 to 44 year olds was accompanied by an 11.8 percent gain in 45 to 64 year olds.

In sum, migration does not appear to be linked to income tax policy. Policymakers seeking to prevent outward migration should look to policy other than income-tax policy to alter the trend.

Introduction

Will cutting Ohio's personal income tax prevent people from leaving Ohio or encourage others to migrate here? This analysis of state-to-state migration data suggests that income tax changes and rates are not a large reason people move in or out of Ohio. Using data from the Internal Revenue Service (IRS) from 1988 to 2003, we find that migration does not seem to correspond to changes in income tax policy.[1] By looking specifically at state-to-state patterns, we find that people leave high- and low-tax states to come to Ohio and when people leave, they also migrate to high- and low-tax states.

People move for a variety of reasons -- to seek employment, go to college or graduate school, be near family, or retire in a more comfortable climate. For a recent graduate offered one job, a single person curious about city life, a young family choosing to be near one set of grandparents, a mid-career professional who is transferred or a retiree longing for a warm climate, taxes are probably not the dominant deciding factor. Nonetheless, cost of living in general and tax rates in particular play some role in relocation decisions for some movers.

Ohio has a negative migration rate, meaning more people are migrating out of than into the state in each of the fifteen years of analysis. Between 1988 and 2003, an average of 2.6 out of every 1,000 households left Ohio each year (a -2.6 migration rate). The rate of migration did not increase or decrease based on changes in the state income tax. There has been heightened concern that high wage earners are leaving the state of Ohio, often in response to high income tax rates. Throughout all of the years, the median income of the non-transient Ohio population was higher than the median income of those leaving or entering the state.

Data source and issues with the data

The Internal Revenue Service (IRS) is the best source of data on annual interstate migration because it relies on tax filings for all filers, it accounts for 94 percent of the population and it is measured annually.[2]

Recent newspaper reports focus on population changes, not just migration.[3] Ohio's population grew over the last four years by approximately 1 percent, according to estimates by the Census bureau.[4] Some population changes attributed to migration may instead be a function of birth rates or of aging.[5] Nevertheless, Ohio population growth has trailed that of most states, and migration is part of the reason why.

[1] This was also found up to the year 2001 by David Ellis (2003) "They Just Cut Our Income Taxes…Let's Move!"
[2] Although the Census and the Current Population Survey (CPS) also provide data on interstate migration, the decennial Census cannot capture year-to-year changes, and the CPS's small sample size makes it difficult to draw conclusions on annual changes and of specific states. See Isserman et al. (1982) for an elaboration.
[3] See, for instance, "Incredible Shrinking Ohio" by Rich Exner (2005); "Exodus may be in Ohio's future" by Matthew Marx (2005); and "Census says Young Adults Fleeing Ohio" by Ken Alltucker (2005).
[4] The database from the U.S. Census is accessible at: http://www.census.gov/popest/states/.
[5] For example, the Census indicates that there was a 5.3% drop in population (a loss of 177,438) in the 25 to 44 year old age category. At the same time, there was an 11.8% gain in the 45-64 year old age category. Much of the population loss in the 25 to 44 year old category can be attributed to aging into the next category and not being

Our data analysis can shed light on specific migration and income patterns. However, the IRS data does not enable us to answer many compelling questions about who is leaving and entering Ohio, and why. For example, much has been said about a “brain drain” in which educated young people are thought to be leaving the state in large numbers or failing to come into the state at adequate rates. Because the IRS data is not broken down by age, we do not examine this question. It has also been argued that very wealthy people are leaving the state. Because we can only access medians and averages, as opposed to ranges or breakdowns at a number of income levels, we cannot say how many wealthy taxpayers have left Ohio. What we can say is that the median income of those leaving or entering the state is substantially lower than the income of those remaining (or the non-transitory population) in the state. The median income of those leaving Ohio has been slightly higher than that of those entering the state for much of this analysis, but the small difference between those two numbers is dwarfed by the larger disparity between migrants and the non-transitory population.

Outward Migration

A portion of the state’s overall population moves in and out of the state each year. For example, in 2003, the 92,147 households that left Ohio represented 2 percent of all the filers in the state, while the 79,255 households that entered the state of Ohio, represented 1.8% of Ohio filers. During every year of this analysis, more people left the state than entered it.

Over the period between 1988 and 2003, there were two significant changes in income tax policy that we would expect to have affected migration if migration were tied closely to income taxes. In 1993, Ohio added a top tax rate of 7.5% on income of $200,000 or more. Between 1996 and 2000, a temporary income tax cut was in place, which returned more than $2.2 billion to taxpayers during those years. Thus, we might expect outward migration to have increased between 1993 and 1996, and to have decreased between 1996 and 2000 if income tax policy were at the root of migration decisions.

In fact, as Figure 1 (below) shows, outward migration peaked in 1988 and 1989, with more than 101,000 households leaving the state in each of those years. From 1990 to 1995, outward migration remained steady with about 90,000 households leaving each year. Outward migration increased in 1996, 1997 and 2000 and has fallen slightly in the two years measured since then. During the 15-year period studied, the highest level of outward migration was 101,856 and the lowest was 88,084, so rates have fluctuated fairly substantially (while the rate itself still remaining at between one and two percent of the state’s overall population). However, the fluctuations do not correspond closely to changes in income tax policy.

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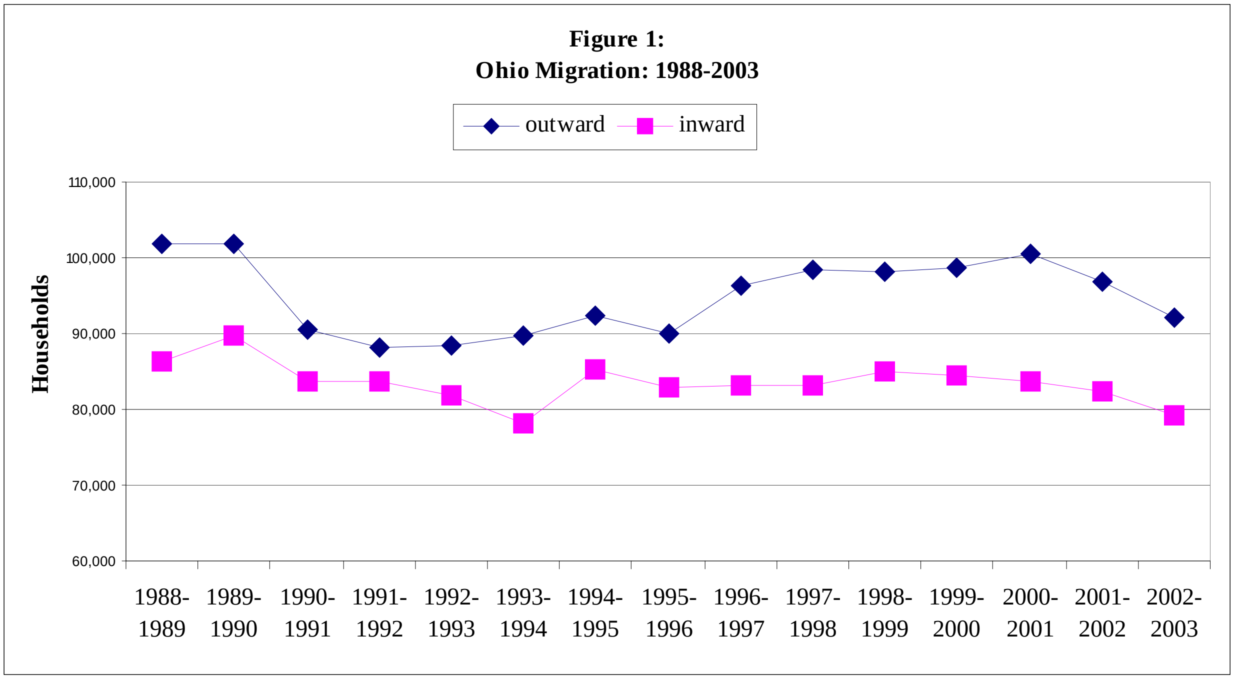
replaced, not to leaving the state. So in some cases observers have assumed that young people left Ohio, when they may instead have simply gotten older.



Inward and outward migration

As Figure 1 (above) shows, Ohio's inward migration is consistently lower than its outward migration, though it fluctuates slightly less. In most years of the analysis, inward migration was between 82,000 and 88,000 households. The high point for inward migration was in 1990 with 89,826 incoming households and the low point was in 1994 with 78,115 new households. There is no clear relationship between inward and outward migration – one does not consistently rise in conjunction with or in opposition to the other. In 1995, two years following the 1993 increase in the top income-tax bracket, there was a boost in inward migration of more than 9 percent. However, during the temporary income tax cuts from 1996 to 2000, there was little growth or year-to-year change in inward migration. As with outward migration, inward migration has declined slightly since 2001 but at a slower rate.

Migration and Income

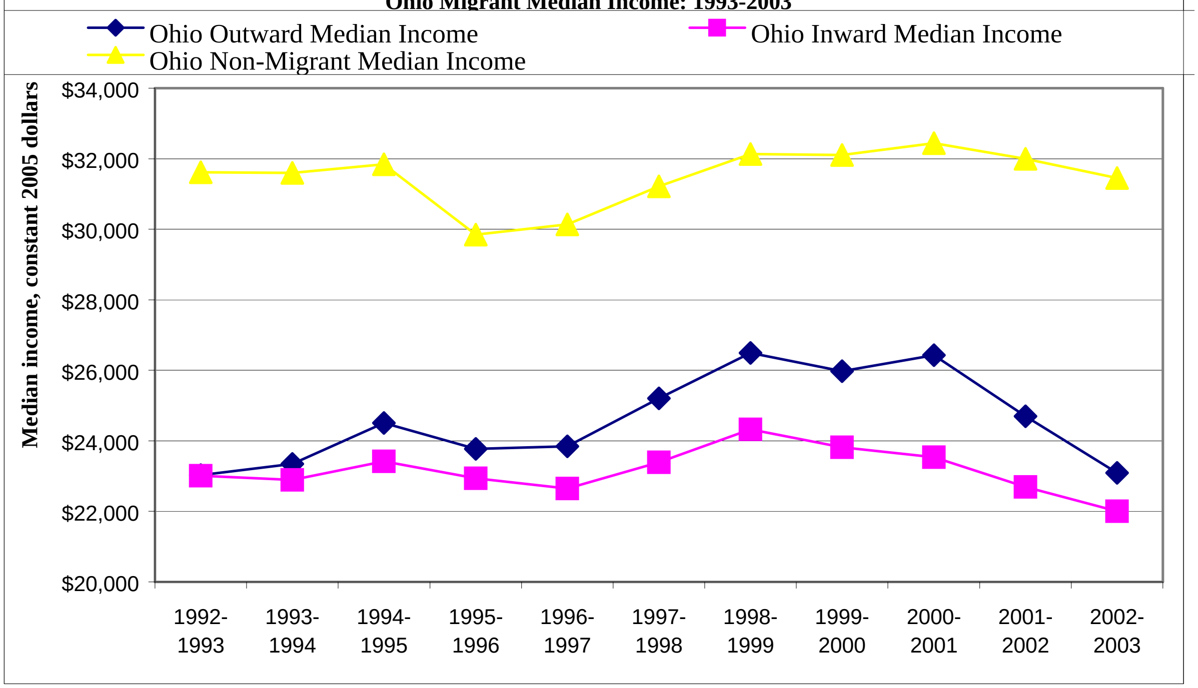
The IRS also records the median income for state-to-state migrants.[6] The income of migrants – in or out of the state – is lower than the income of those remaining in the state in any given year. This is consistent with research showing that those with lower incomes are more likely than

[6] The IRS calculates median income "from an income distribution tally of 14 income categories ($-9,999 to $100,000 and above)." The median, or middle value is the most applicable statistic for several reasons. First, income levels are underestimated in this case because the poor and elderly are often underrepresented in IRS filings. Median income calculations allow us to better account for lower income filers. Using the average overestimates income levels because they are more sensitive to outliers (extreme values) in the data. Median income data in this paper shows a lower median income than is found in survey data and other data. Part of the reason for that is that in Ohio, tax law makes it advantageous for married couples to file as "married, filing separately." This effectively makes one household with its one larger combined income into two households with two smaller incomes. This makes both median and average household income in this dataset lower than median and average income in other survey data.

middle and high-income earners to be movers. Using aggregated Current Population Survey (CPS) data from 1998-2000, Jason Schachter found that "21% of households with incomes less than $25,000 moved, compared with 12% of those living in households with incomes of more than $100,000."[7] When we consider that recent college graduates and recent retirees may be among the most likely households to make a move, it is not surprising that incomes of migrants are lower than those of households that stay in place.[8]

The median income of those moving out of Ohio has been consistently more than those moving into Ohio since 1993, as Figure 2 shows. This gap widened consistently between 1992 (when they were the same) and 2000, and has narrowed very slightly since then. During the temporary income tax cuts, the median income of those leaving increased from $23,774 in 1996 to $25,974 in 2000, in inflation-adjusted 2005 dollars.[9] During those same years, median income of people moving into the state of Ohio increased from $22,938 to $23,815 in 2005 dollars. Unlike the aggregate migration statistics, a distinct pattern emerged from the median income statistics in that for all but two years (1993 and 2000), every time the median income for those leaving Ohio increased, so did the income levels for those entering Ohio.

Figure 2:
Ohio Migrant Median Income: 1993-2003



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[7] Schachter (2001) looked at movers as a whole (not state-by-state) and over three years, allowing him to better use the CPS data.

[8] We compare income of migrants and non-migrants, but we believe Ohio should work to be a desirable location for people at a wide range of income and age levels. States that are flourishing have opportunities for individuals with varied education- and skill-levels. We are concerned when any group finds the economic climate preferable elsewhere. Further, it is important to note that those with low incomes might still contribute substantially to the tax base, either now or in the future. For example, wealthy retirees may have low incomes but might pay substantial property or sales tax. Young people with current low income maybe destined for high-paying careers that contribute significantly to the tax base. And people of many income levels can contribute substantially to their communities.

[9] When comparing year-to-year, we use inflation-adjusted 2005 dollars. In the sections that follow, the income amounts are not adjusted for inflation because the comparisons are intra-year not inter-year.

Where do Ohioans go?

Ohioans leave the state for a variety of destinations. During every year since 1988, regardless of Ohio's income tax policy, more Ohioans have migrated to Florida than any other state: in 2003, 14% of outward migrants went to that southern state. Consistently, the other states of choice are Kentucky, Michigan, Indiana, California, and Pennsylvania. Texas and North Carolina are also relatively common choices, entering just below the top six destinations for Ohio. While median income of Ohio's non-transient population is higher than that of migrants in or out of the state, there is also income variation between destination states. Table 1 shows the number of households migrating out of and into Ohio for the top ten states to which Ohioans move. The table also provides median income information for in- and out-migrants, and indicates whether each state has a state income tax or not.

Table 1: Top ten states attracting Ohioans, 2002-2003								
State	Number of households leaving Ohio	Median income of households leaving Ohio	Percentage of households leaving Ohio	Number of households entering Ohio	Median income of new Ohioans	Percentage of households entering Ohio	Net Migration of Households	State Income Tax?
Florida	12,546	$23,360	13.9%	7,163	$19,195	9.7%	-5,383	No
Kentucky	6,594	$22,359	7.3%	5,051	$21,585	6.8%	-1,543	Yes
Michigan	5,480	$25,980	6.1%	5,241	$23,889	7.1%	-239	Yes
Indiana	5,416	$24,266	6.0%	4,750	$22,799	6.4%	-666	Yes
California	4,926	$20,248	5.5%	4,023	$24,467	5.4%	-903	Yes
Pennsylvania	4,715	$22,404	5.2%	4,887	$20,998	6.6%	172	Yes
Texas	3,928	$22,695	4.4%	3,345	$24,150	4.5%	-583	No
North Carolina	3,773	$22,057	4.2%	2,969	$21,728	4%	-804	Yes
Illinois	3,518	$23,718	3.9%	3,456	$28,050	4.7%	-62	Yes
Georgia	3,199	$21,021	3.6%	2,464	$21,231	3.3%	-735	Yes

Ohioans move to places with and without state income taxes. Of the ten most common destination states for Ohioans in 2002-2003, two have no personal income tax. Florida, which has no state income tax, is the top state to which Ohioans move. There was a decrease in migration to Florida during the years following the addition of the top rate of income tax in 1993, so this addition did not result in more people leaving for Florida. During the years of the income tax refund in the late 1990s, migration to Florida remained relatively constant, never exceeding 12,900 or falling below 11,200 filers. Table 2 shows the top ten states attracting Ohioans in 1999-2000, with information about in- and out-migration to those states. In 2000, the last year of the income tax refund, Ohioans migrated to states with no income tax at nearly the same percentage as before the income tax refunds. In 2000, 19,115 filers, 19.8% of those leaving Ohio (12% to Florida), went to states with no personal income tax. The median income for Ohioans relocating to states with no income tax was $23,549, compared to $28,590 for non-migrants.

Table 2: Top ten states attracting Ohio residents, 1999-2000						
State	Number of households leaving Ohio	Percentage of households leaving Ohio	Number of households entering Ohio	Percentage of households entering Ohio	Net Migration of Households	State Income Tax?
Florida	11,745	12.2%	7,167	9.1%	-4,578	No
Kentucky	6,690	7%	5,549	7%	-1,141	Yes
Michigan	6,574	6.8%	5,586	7.1%	-988	Yes
Indiana	5,853	6.1%	5,334	6.8%	-519	Yes
California	5,768	5.9%	4,079	5.2%	-1,689	Yes
Pennsylvania	4,944	5.1%	5,657	7.2%	713	Yes
Illinois	4,507	4.7%	3,665	4.6%	-842	Yes
North Carolina	4,327	4.5%	3,069	3.9%	-1,258	Yes
Texas	4,294	4.5%	3,674	4.7%	-620	No
Georgia	3,847	4%	2,614	3.3%	-1,233	Yes

Ohioans migrate to states with a variety of income tax rates, ranging from Florida (with no state income tax) to Michigan (with a flat income tax) to North Carolina (with a progressive income tax). In 1994, the year after the top rate addition to the income tax, 20% of those leaving Ohio (roughly 17,500 filers) went to states with no personal income tax (12% to Florida alone).[10] The median income of those traveling to non-income tax states was $16,455, compared to $18,090 for those moving to all states and $24,482 for those staying in Ohio.

Table 3: Top ten states attracting Ohio residents, 1993-1994						
State	Number of households leaving Ohio	Percentage of households leaving Ohio	Number of households entering Ohio	Percentage of households entering Ohio	Net Migration of Households	State Income Tax?
Florida	10,818	12.4%	6,905	9.5%	-3,913	No
Kentucky	6,106	7%	4,747	6.5%	-1,359	Yes
Indiana	5,764	6.6%	4,739	6.5%	-1,025	Yes
Michigan	5,597	6.4%	5,383	7.4%	-214	Yes
Pennsylvania	4,468	5.2%	5,019	6.9%	551	Yes
California	4,455	5.1%	5,500	7.5%	1,045	Yes
Texas	4,121	4.7%	3,464	4.7%	-657	No
North Carolina	3,831	4.4%	2,433	3.3%	-1,398	Yes
Illinois	3,802	4.3%	3,315	4.5%	-487	Yes
Georgia	3,691	4.2%	2,016	2.8%	-1,675	Yes

[10] States with no state personal income tax are Alaska, Florida, Nevada, New Hampshire, South Dakota, Texas, Washington, and Wyoming.

Where do Ohioans come from?

The very same states that attract Ohioans send people to Ohio, as Tables 1, 2 and 3 above show. In every year, Florida is the number one place that new Ohioans come from while Michigan, Kentucky, Pennsylvania, Indiana, and California are always in the top six sender states. Those who migrate in from Florida have a lower median income ($19,195 in 2003) than those from the other top five migrating states (Michigan was $23,889 in 2003). Although Florida has no personal income tax it is the top state of origin for new Ohioans, indicating that a lack of income taxes does not stop residents from moving.

Changes in Ohio's personal income tax rates had little effect on migration into Ohio. After the addition of the top rate in 1993, there was little change in the number of people from low- to no-income tax states moving into Ohio. There was also little change in the number of households moving and their income levels during the income tax refunds of the late 1990s. In 1994, 6,905 filers, with a median income of $13,605, moved from Florida into Ohio. The second and third most common states of origination for new Ohioans were California (5,500 filers with a $20,358 median income) and Michigan (5,383 filers with a $22,681 median income). Florida sent more than 9% of new Ohioans while California and Michigan sent more than 7% each. States with no income tax were the source of 12,268 filers or 16.8% of the new filers in Ohio with a median income of $16,582 (See Table 3).

In 2000, the final year of the income tax refund, 7,167 new filers with a median income of $18,927 entered Ohio from Florida. The second and third largest states of origin for new Ohioans were Pennsylvania (5,657 filers with a $21,438 median) and Michigan (5,586 filers with a $26,020 median). New Ohioans from Florida represented more than 9% of in-migration and Pennsylvania and Michigan constituted more than 7% each. States with no personal income tax sent 13,461 filers or 16.7% of new Ohioans in 2000 with a median income of $21,470. The income tax refunds from 1996 to 2000 did not substantially change where new Ohioans came from or the median incomes of incomers.

How do we compare?

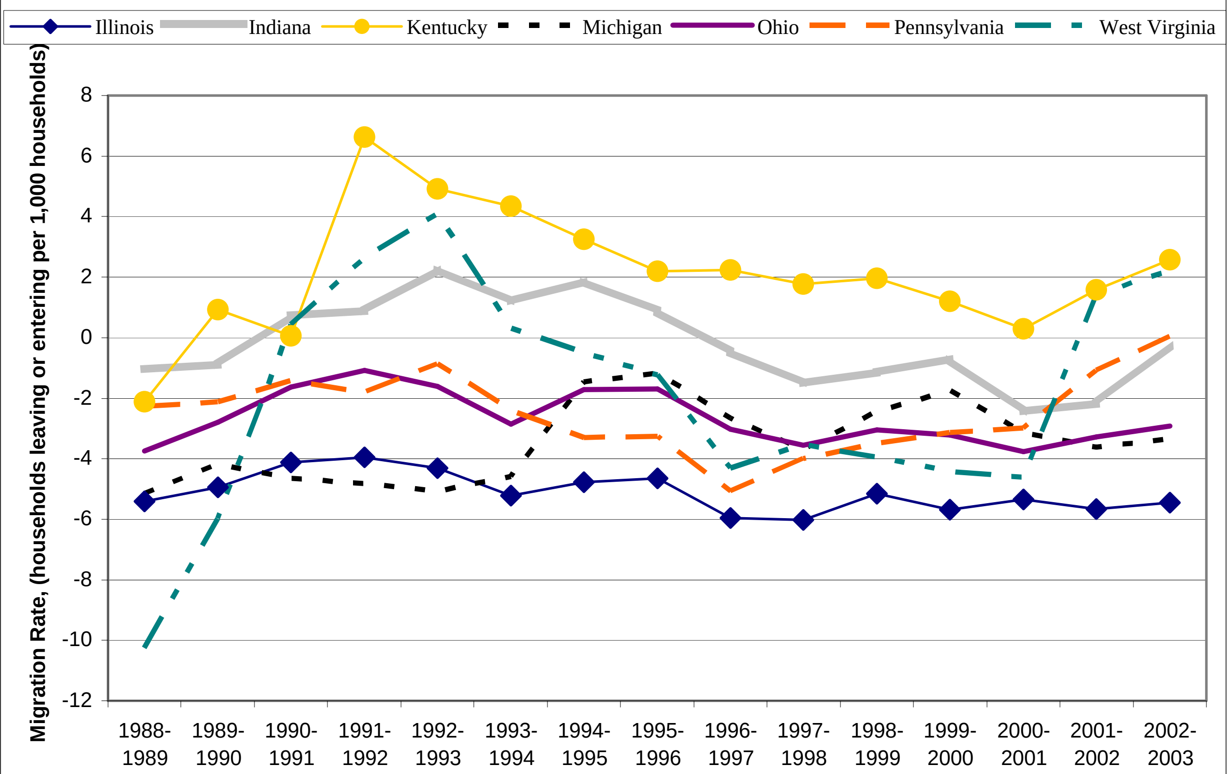
An additional way to understand Ohio's migration is by comparison to other states in the region. Looking to Pennsylvania, Illinois, Indiana, Kentucky, Michigan, and West Virginia, Ohio's migration patterns do not seem unique. All states but Kentucky have negative migration rates (more people leaving than coming in) for most of the years analyzed, as Table 4, below, shows.[11]

[11] A migration rate, as used here, is calculated by determining net migration or in-migrants minus out-migrants. This net migration number is then divided by those who did not migrate in or out of the state and multiplied by 1,000. The number, then, can be read as the number of households (gained or lost) per 1,000 households. It is important to standardize net migration because of the wide variance in state populations.

Number of households per 1,000 entering or leaving state, for states with stagnant or decreasing populations					
1994		2000		2003	
State	Migration Rate	State	Migration Rate	State	Migration Rate
District of Columbia	-24.9	North Dakota	-13.7	District of Columbia	-8.0
California	-13.19	Arkansas	-8.9	New York	-6.7
New York	-10.99	New York	-7.2	Massachusetts	-6.1
Connecticut	-10.79	Louisiana	-6.7	Illinois	-5.5
Rhode Island	-9.69	Hawaii	-6.6	North Dakota	-4.4
New Jersey	-5.7	Wyoming	-5.7	New Jersey	-4.4
Illinois	-5.2	Nebraska	-5.7	Utah	-4.2
Michigan	-4.6	Illinois	-5.7	Kansas	-4.2
Maine	-4.4	Iowa	-5.0	Iowa	-4.1
Massachusetts	-3.4	New Mexico	-4.8	Michigan	-3.4
Iowa	-3.3	West Virginia	-4.4	**Ohio**	**-2.9**
North Dakota	-3.1	New Jersey	-4.1	Nebraska	-2.4
Ohio	**-2.9**	Kansas	-3.6	Louisiana	-1.7
Pennsylvania	-2.4	Oklahoma	-3.6	Wyoming	-1.7
Louisiana	-1.7	Connecticut	-3.3	California	-1.7
Nebraska	-0.9	**Ohio**	**-3.2**	Minnesota	-1.3
Hawaii	-0.3	Pennsylvania	-3.1	Connecticut	-1.3
West Virginia	0.3	South Dakota	-2.8	Colorado	-1.0
Wisconsin	0.7	Utah	-2.5	South Dakota	-1.0
Maryland	0.7	District of Columbia	-2.4	Mississippi	-0.3
Kansas	0.7	Alabama	-1.9	Wisconsin	-0.3
Vermont	0.9	Michigan	-1.8	Indiana	-0.2
		Montana	-1.0	Oklahoma	-0.09
		Mississippi	-0.7	Pennsylvania	0.03
		Indiana	-0.7		
		Massachusetts	-0.6		
		Wisconsin	0.3		
		California	0.4		
		Missouri	0.9		

States with negative migration rates have a variety of state income tax policies and are also in different regions of the country. Ohio's migration rate is always in the middle of the neighboring states' rates. Ohio is consistently better than Illinois and Michigan throughout the years analyzed but often worse than Pennsylvania. In 2003 Ohio lost nearly 3 households for every 1,000 in the state. In that same year, area states with flat income tax rates fared worse. Illinois and Michigan had migration rates of –5.5 and –3.6, meaning that 5.5 and 3.6 households left for every 1,000 households in Illinois and Michigan, respectively. Pennsylvania had a marginally positive migration rate of .03, gaining only .03 households for every 1,000 in the state. States with no state income taxes also had negative migration rates. South Dakota and Wyoming had migration rates of –1.0 and –1.7, respectively. Thus, Ohio's negative migration rate is not unique to the region or specific to a type of state income tax system. Figure 3, below, shows that Ohio, with the solid purple line, is solidly in the middle when compared to neighboring states. Kentucky and Indiana consistently have better migration rates, Illinois' is consistently worse, and the other states are similar to Ohio, sometimes worse and sometimes better over the period studied.[12]

Figure 3:
State Migration Rates, Ohio and neighbors, 1988-2003



Other taxes and other costs

This analysis considers the claim that income taxes affect migration and finds little evidence to support it. Similar studies in Iowa and New Jersey using the same data source have found the same conclusion. A study by the nonpartisan Iowa Legislative Services Agency (LSA), Fiscal Services (2005) found that there was no substantive link between state income taxes and net migration. Net migration between Iowa to Texas and Arizona occurred at the same rate as Illinois and Minnesota to those states. The LSA also found that South Dakota's migration (a state with no income tax) to Arizona was the most of the states in the study.[13] New Jersey Policy

[12] For a complete listing of every state's migration rates see Appendix 1.
[13] The study looked at migration from Iowa, South Dakota, Minnesota, Illinois, Nebraska, Missouri, and Wisconsin.

Perspectives (2003) also found that there was little relationship between income taxes and migration in New Jersey.

It is still possible that other taxes might play a role in migration decisions – this is not something that this analysis explored. It is also important to note that the overall taxes that people pay, and the overall cost of living, is not a matter of simply examining income taxes. *Kiplinger's* magazine investigated the cost of living and retiring in every capital city in the United States.[14] Their results indicated that low or non-existent state income and estate taxes are not necessarily correlated with a lower cost of living or even a lower overall tax payment. According to *Kiplinger's* analysis of taxes for a retired couple with an income of $60,000, Columbus (Ohio) had slightly lower taxes, for example, than Tallahassee (Florida), Olympia (Washington), and Austin (Texas), all of which do not have state income taxes. States with no or low income taxes often have higher sales, excise, or property taxes to compensate for the lack of income tax revenue. In places with a lower tax base in general, residents may find themselves incurring higher private costs – if policing receives less support people may experience more crime or may end up paying for private security, for example. Calculating cost of living is complicated, and income taxes are only one part of the equation.

Reasons for Ohio's low population growth

If it's not income taxes, than why is Ohio growing more slowly than other states? There are several possible reasons.

♦ **Regional patterns:** Ohio is not unique in its slow population growth over the last decade. Almost all nearby states are experiencing negative or barely positive net migration rates, as Figure 3 showed. Although these states differ in their tax structures, they have a few things in common that might be at the root of the slow growth.

♦ **Climate:** First and most obviously, Ohio and its neighbors – especially its northern neighbors, have long, cold winters. Retirees have historically moved from cold, urban states to states that are warmer and with less population density. Florida, California and Arizona are consistent destinations and for many migrants, the warm climate is the attraction.

♦ **Birth rates:** Migration is not the only contributor to population growth. Ohio's birth rate has declined somewhat and is slightly lower than the national average. Ohio's birth and fertility rates are slightly lower than the national average – in 2002, for example, Ohio had 13 births for every 1,000 people while the nation as a whole had 13.9 births per 1,000. While fifteen states had birth rates lower than Ohio's, the fastest growing states had substantially higher birth rates (Utah, Texas, Arizona, Idaho, Georgia, Alaska, Colorado, California, New Mexico and Nevada all had more than 15 births per 1,000).

[14] Making policy decisions based on elderly migration can also be tricky due to the many fiscal, demographic, and amenity variables that influence moving choices. Duncombe et al. (2000, 2003) found that migration decisions are influenced by government policies but also by individual level characteristics of those looking to move. When all considerations are modeled, "…other factors, including climate, economic conditions, and population characteristics, appear to play much larger roles in migration and location decisions [than fiscal variables]" (2003: 244). How much of a role do they play? Duncombe et al. write (2000: 26) "… very large tax reductions would be required to attract even one more elder migrant to a county. Unless these tax breaks could be narrowly targeted to the group of elderly most likely to consider migrating, the venue losses from such a program are likely to significantly outweigh the economic and fiscal benefits."

♦ **Job growth:** Midwestern states have lost a higher percentage of jobs than the rest of the country, while some states have stable or expanding employment.[15] In the past, the number of young working people coming to states like Ohio made up for the older retirees who were leaving, but as the state has experienced net job loss, it may be the case that fewer working people are migrating to the state.

♦ **Other amenities:** Research has shown that, along with job opportunities, devotion of resources to public and higher education is a significant factor steering migration. Sally Wallace (2002: 15) found that the likelihood of getting a job, age, and home ownership are large factors in why someone would look to migrate. Wallace (2002: 2) writes, "Other amenities are important, including public services, weather, proximity to family, and employment opportunities. In fact, individuals may be compensated for higher taxes by these other amenities." Using Census data, she found that income taxes were not statistically significant pull or push factors for Ohio migration. No concrete pattern or connection emerged regarding state income taxes and Ohio migration when other factors such as age, education, income, and economic variables were factored into the equation.

Conclusions

There is not a strong relationship between income taxes and migration in Ohio. Cutting or raising taxes has not had a direct impact on the number of filers entering or leaving Ohio. Ohioans go to states with a variety of income tax structures, and the same states that attract Ohioans tend to send people to this state. Nonetheless, Ohio has low population growth. The evidence fails to show that cutting income taxes will counteract that. Factors that other researchers have found to influence migration include climate, job growth, strong education systems and other amenities. There is little Ohio can do to increase its temperatures. We should turn our research and policy attention to improving our economy and our education investment. In terms of taxation, the numbers speak loudly: cutting income taxes for those with already high incomes will not likely have a noticeable effect on Ohio's migration.

[15] DaVanzo (1978: 512) found that a predictor of migration was whether heads of households are unemployed and those who are "unemployed and other persons looking for work are more responsive to the other economic determinants of migration (family income, origin wage rates, and expected earnings increases) than persons apparently satisfied with their jobs."

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Appendix 1

Number of households per 1,000 entering or leaving state, by ranking								
1994			2000			2003		
51	Wash D.C.	-24.87	51	North Dakota	-13.71	51	Wash D.C.	-7.98
50	California	-13.12	50	Alaska	-8.91	50	New York	-6.58
49	New York	-10.95	49	New York	-7.19	49	Massachusetts	-6.04
48	Connecticut	-10.73	48	Louisiana	-6.74	48	Illinois	-5.45
47	Rhode Island	-9.62	47	Hawaii	-6.58	47	North Dakota	-4.40
46	New Jersey	-5.66	46	Wyoming	-5.70	46	New Jersey	-4.37
45	Illinois	-5.23	45	Nebraska	-5.70	45	Utah	-4.25
44	Michigan	-4.59	44	Illinois	-5.68	44	Kansas	-4.21
43	Maine	-4.35	43	Iowa	-4.98	43	Iowa	-4.09
42	Massachusetts	-3.34	42	New Mexico	-4.75	42	Michigan	-3.35
41	Iowa	-3.27	41	West Virginia	-4.41	**41**	**Ohio**	**-2.91**
40	North Dakota	-3.12	40	New Jersey	-4.10	40	Nebraska	-2.39
39	**Ohio**	**-2.86**	39	Kansas	-3.63	39	Louisiana	-1.71
38	Pennsylvania	-2.39	38	Oklahoma	-3.59	38	Wyoming	-1.71
37	Louisiana	-1.70	37	Connecticut	-3.30	37	California	-1.68
36	Nebraska	-0.90	**36**	**Ohio**	**-3.21**	36	Minnesota	-1.32
35	Hawaii	-0.31	35	Pennsylvania	-3.13	35	Connecticut	-1.29
34	West Virginia	0.31	34	South Dakota	-2.83	34	Colorado	-1.04
33	Wisconsin	0.62	33	Utah	-2.45	33	South Dakota	-1.04
32	Maryland	0.69	32	Wash. D.C.	-2.37	32	Mississippi	-0.35
31	Kansas	0.74	31	Alabama	-1.87	31	Wisconsin	-0.30
30	Vermont	0.97	30	Michigan	-1.76	30	Indiana	-0.23
29	Indiana	1.21	29	Montana	-0.95	29	Oklahoma	-0.10
28	Alaska	1.36	28	Mississippi	-0.74	28	Pennsylvania	0.03
27	Oklahoma	1.74	27	Indiana	-0.71	27	Alabama	1.05
26	Minnesota	2.14	26	Massachusetts	-0.61	26	Washington	1.30
25	New Hampshire	3.52	25	Wisconsin	0.31	25	Missouri	1.59
24	South Dakota	3.60	24	California	0.37	24	Vermont	1.59
23	Alabama	3.71	23	Missouri	0.87	23	Alaska	1.65
22	South Carolina	3.94	22	Kentucky	1.19	22	Texas	2.11
21	Missouri	4.04	21	Washington	1.69	21	West Virginia	2.24
20	Wyoming	4.22	20	Maryland	1.93	20	Kentucky	2.58
19	Kentucky	4.34	19	Oregon	2.05	19	Arkansas	2.76
18	Virginia	4.42	18	Arkansas	2.08	18	Rhode Island	2.84
17	Mississippi	5.06	17	Rhode Island	2.35	17	Maryland	3.04
16	Texas	5.86	16	Vermont	2.60	16	Tennessee	4.22
15	Delaware	7.40	15	Minnesota	2.61	15	New Mexico	4.27
14	Washington	8.15	14	Texas	2.89	14	N. Carolina	4.32
13	Arkansas	8.68	13	Tennessee	4.26	13	New Hamp.	4.40
12	Tennessee	11.39	12	Maine	4.56	12	Montana	4.47
11	Florida	12.40	11	Idaho	5.49	11	Oregon	5.08
10	Montana	12.71	10	South Carolina	5.63	10	S. Carolina	5.98
9	Oregon	12.81	9	Virginia	7.67	9	Hawaii	6.36
8	North Carolina	12.91	8	Delaware	7.92	8	Virginia	6.38
7	Utah	13.27	7	North Carolina	8.14	7	Idaho	7.00
6	New Mexico	15.06	6	Hew Hampshire	8.21	6	Maine	7.84
5	Georgia	15.88	5	Florida	9.89	5	Georgia	9.89
4	Colorado	19.50	4	Colorado	11.82	4	Delaware	10.29
3	Idaho	22.01	3	Georgia	14.48	3	Florida	13.28
2	Arizona	28.26	2	Arizona	16.80	2	Arizona	15.01
1	Nevada	50.04	1	Nevada	29.22	1	Nevada	25.01

Policy Matters Ohio is a non-profit, non-partisan policy research institute dedicated to researching issues that matter to Ohio's working families. We seek to broaden the debate about economic policy in Ohio by providing Ohio's citizens, reporters and policy makers with essential tools to participate in public discussion. Ultimately, we believe that a broader debate will lead to a stronger and more just society. Other areas of inquiry for Policy Matters have included economic development, education, work, wages, and benefits; privatization, basic needs, job growth, and unemployment.

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