

Interstate Migration: A Lost Cause for New Jersey?

by Tia Azzi

In comparison to other countries, United States residents move more frequently. Within the U.S., Wilson (2021, p.1) recently reported that due to social connections “people are three times as likely to move to a different county in the same state, than an equally distant county in a different state.” Moreover, people are more likely to move further when they have higher levels of education (Lee, 2021; Wilson, 2021).

For many years, New Jersey has lost population via net in- and out-migration. From 2011 through 2019, this has resulted in the state hemorrhaging more than \$23.6 billion in net adjusted gross income (AGI) according to U.S. Internal Revenue Service (IRS) data (see Table 1).

Table 1: Real Adjusted Gross Income of Migrants into and out of New Jersey (\$ billions 2019)

Year	AGI Outflows	AGI Inflows	AGI Net Loss
2011	\$9.216	\$6.714	\$2.502
2012	\$9.945	\$8.021	\$1.924
2013	\$9.856	\$6.482	\$3.374
2014	\$7.856	\$5.234	\$2.622
2015	\$11.760	\$7.990	\$3.770
2016	\$13.369	\$10.362	\$3.007
2017	\$11.921	\$8.625	\$3.297
2018	\$11.684	\$8.532	\$3.152
TOTAL	\$85.609	\$61.961	\$23.648
Average	\$10.701	\$7.745	\$2.956

Notes: The annual inflows and out flows may not yield net loss, totals, and averages due to rounding. The CPI-U for the Northeast region was used to adjust the AGI flows reported by the IRS into real (constant) 2019 dollars.

Source: U.S. Internal Revenue Service. (2021). “SOI Tax Stats-Migration Data”

While education, or more generally human capital, plays a role, the migration story for New Jersey largely centers on wealth. Among U.S. states, New Jersey has one of the top concentrations of millionaires (Young et al., 2016). It also has a rather progressive tax rate. Naturally, wealthier households that bear the highest tax burden are rather sensitive to taxation and can avoid some taxes by moving to a property in another state, at least for a majority of each year. Young (2016, p. 433) perceives a difference between one-time millionaires and persistent millionaires: “One time millionaires have an overall migration rate of 3.2 percent, compared to only 1.9 percent among the most persistent millionaires.” These authors further note that when *persistent millionaires* do move out of state, not surprisingly they tend to choose states with lower-tax rates.

Number of Returns & Number of Exemptions

New Jersey's population has grown largely because births outnumber deaths (O'Dea, 2019). From 2016-2019, however, New Jersey has, in net, lost 106,722 individuals via interstate migration based on the number of exemptions (see Table 2). Interestingly, the annual count of net migrants has steadily declined, as have both in- and out-migration flows. In the year 2016-2017, 253,080 people migrated out of state; that count declined to 192,514 by 2018-2019. Similarly, in 2016-2017, 206,049 people migrated into the state, and in 2018-2019 that count declined to 165,661.

Still, despite the consistent reduction in net interstate migration, New Jersey experienced a small rise in AGI in 2018-2019. As shown in the charts, New Jersey experienced a reduction in in-migrant exemptions (2018-2019), yet had gains in in-migration Adjusted Gross Income. This suggests a wealthier population migrating into New Jersey.

**Table 2: Domestic In- and Out-Migration for New Jersey
Based on the Number of Exemptions**

Year	Migration Outflow	Migration Inflow	Net Population Loss
<i>2016-2017</i>	253,080	206,049	47,031
<i>2017-2018</i>	200,889	168,001	32,888
<i>2018-2019</i>	192,514	165,661	26,853
SUM	646,483	539,711	106,772

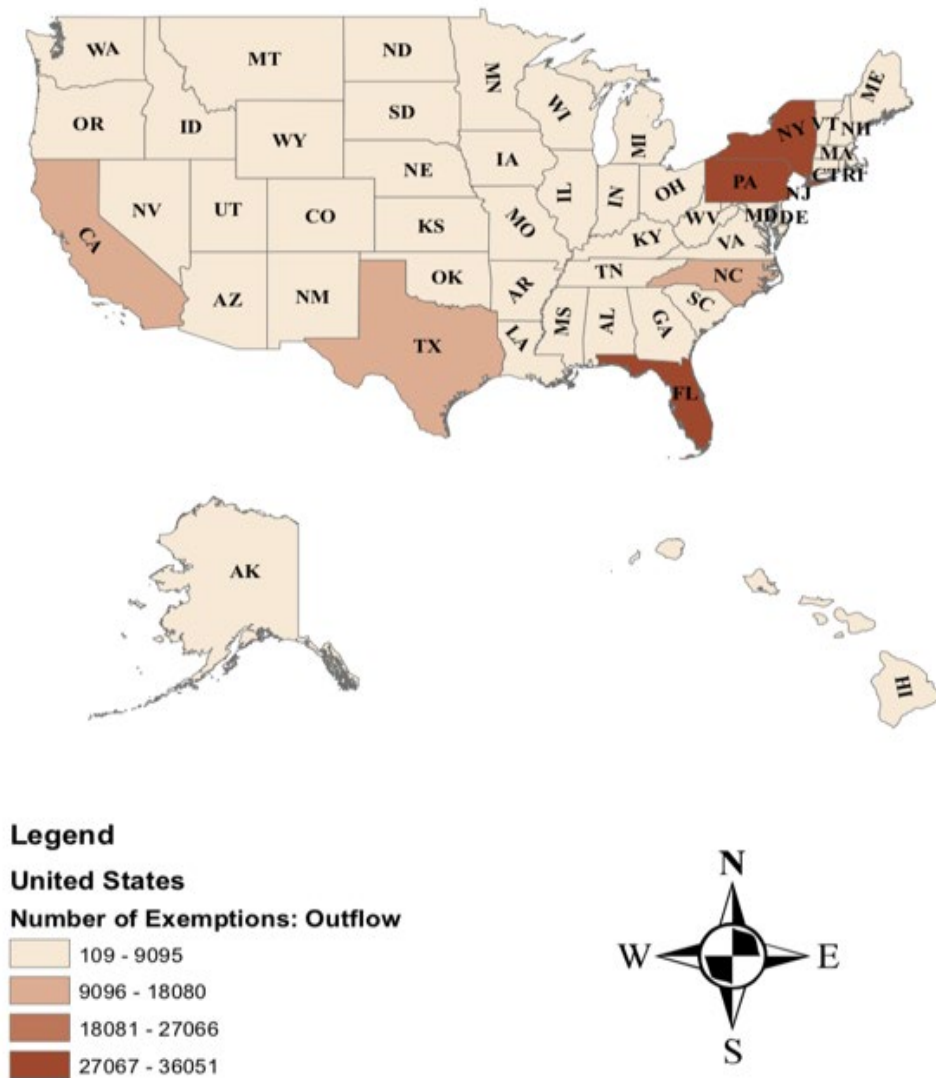
Source: U.S. Internal Revenue Service. (2021). "SOI Tax Stats-Migration Data"

Data from United Van Lines (2021) for the 2018 year suggest that in-migrants to New Jersey were likely to move for a job (61.84%), to be closer to family (28.29%), for an improved lifestyle (7.24%), for health reasons (6.58%), and/or for retirement (4.61%). Meanwhile, the primary reason for moving out of New Jersey is for a job (34.73%), retirement (34.51%), family (20.44%), lifestyle (17.36%), and health (6.15%). Notably, the main age-cohort moving in and out of New Jersey is that comprised of people ages 55 and up (United Van Lines, 2021). This suggests that people moving in and out of the state are doing so as they retire from their work-a-day lives. Still, IRS data suggests that overall each year, New Jersey loses disposable income via interstate migration. Individuals making \$100,000 or more account for 71.27% of in-migrants and 69.41% of out-migrants (United Van Lines, 2021). This is, perhaps no surprise as income tends to rise with the age of workers. Similar trends were also apparent for 2016 and 2017 (United Van Lines, 2021).

Out-Migrants

Despite its distance from New Jersey, Florida had the third highest count of out-migrants from New Jersey since 2016 (and the second most in 2018-2019, see Figure 1 and Table 3). But Florida has both a large population and no personal income tax, both of which lure migrants. Neighboring New York and Pennsylvania tend to consistently capture the highest count of out-migrating New Jerseyans from 2016 onward.

Figure 1: Domestic Out-Migrants from New Jersey by State, 2018-2019



Source: U.S. Internal Revenue Service. (2021). “SOI Tax Stats-Migration Data” with R/ECON calculations

From 2018 to 2019, just five states— California, Florida, Massachusetts, New York, and Pennsylvania—composed 74.2% of all New Jersey out-migrants, but 80.7% of their AGI that year. Importantly, New Jerseyans moving to Florida had a higher average AGI than did those moving to other states (see Appendix Table A1 and Figure 2). The average AGI per out-migrant from New Jersey was about \$62,250. This is about 11% below the \$69,626 per capita income in 2019 reported for New Jersey by the U.S. Bureau of Economic Analysis (BEA). Of course, AGI is after tax income and, thus, not equivalent to personal income as reported by the BEA, which includes wages, salaries, bonuses, and capital gains.

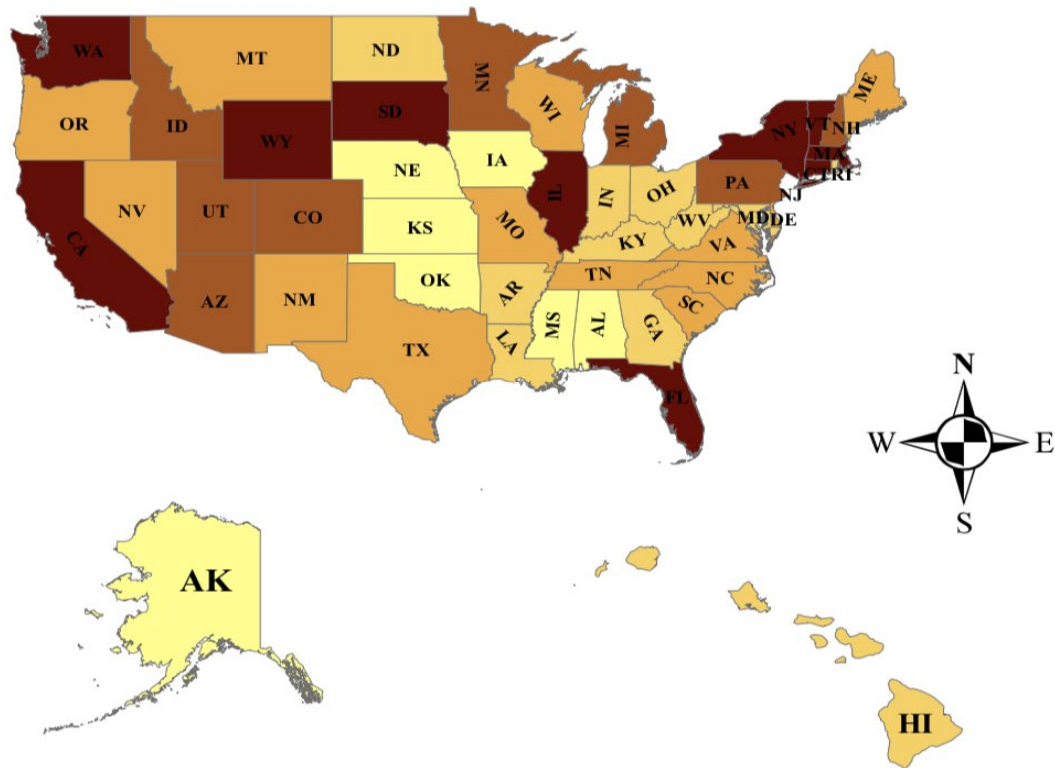
Table 3: Top 10 Destination States of New Jersey Out-Migrants, 2018-2019

State	Number of Exemptions - Outflow	Adjusted Gross Income - Outflow	AGI Per Exemption
New York	36,051	\$2,500,804,000	\$69,368.51
Pennsylvania	28,104	\$1,496,627,000	\$53,253.17
Florida	29,413	\$2,322,536,000	\$78,962.91
California	11,046	\$738,544,000	\$66,860.76
North Carolina	10,326	\$496,615,000	\$48,093.65
Texas	9,250	\$452,222,000	\$48,888.86
Virginia	6,723	\$337,075,000	\$50,137.59
Georgia	6,240	\$255,549,000	\$40,953.37
Maryland	5,422	\$227,012,000	\$41,868.68
Massachusetts	4,844	\$349,271,000	\$72,103.84
Total	147,419	\$9,176,255,000	\$570,491.34

Source: U.S. Internal Revenue Service. (2021). "SOI Tax Stats-Migration Data" with R/ECON calculations

The five states mentioned above can boast that New Jersey's out-migrants to their states are on average wealthier than the average New Jerseyan. The same is true for out-migrants to the District of Columbia, Vermont, Connecticut, Washington, and Illinois. Outside of Florida, which as mentioned earlier has no state income tax, only migrants to Vermont have an overt incentive drawing them to that state. Since January 2019, Vermont's Remote Worker Grant Program offers a limited number of in-migrants \$5,000 per year for two years if they work remotely for a non-Vermont-based company (O'Dea, 2019).

Figure 2: Average Adjusted Gross Income per New Jersey Out-Migrant by State, 2018-2019



Legend

United States

AGI Per Exemption: NJ Outflow

	\$26,203.23 - \$34,551.43
	\$34,551.44 - \$41,868.68
	\$41,868.69 - \$51,349.83
	\$51,349.85 - \$60,162.20
	\$60,162.21 - \$78,962.91

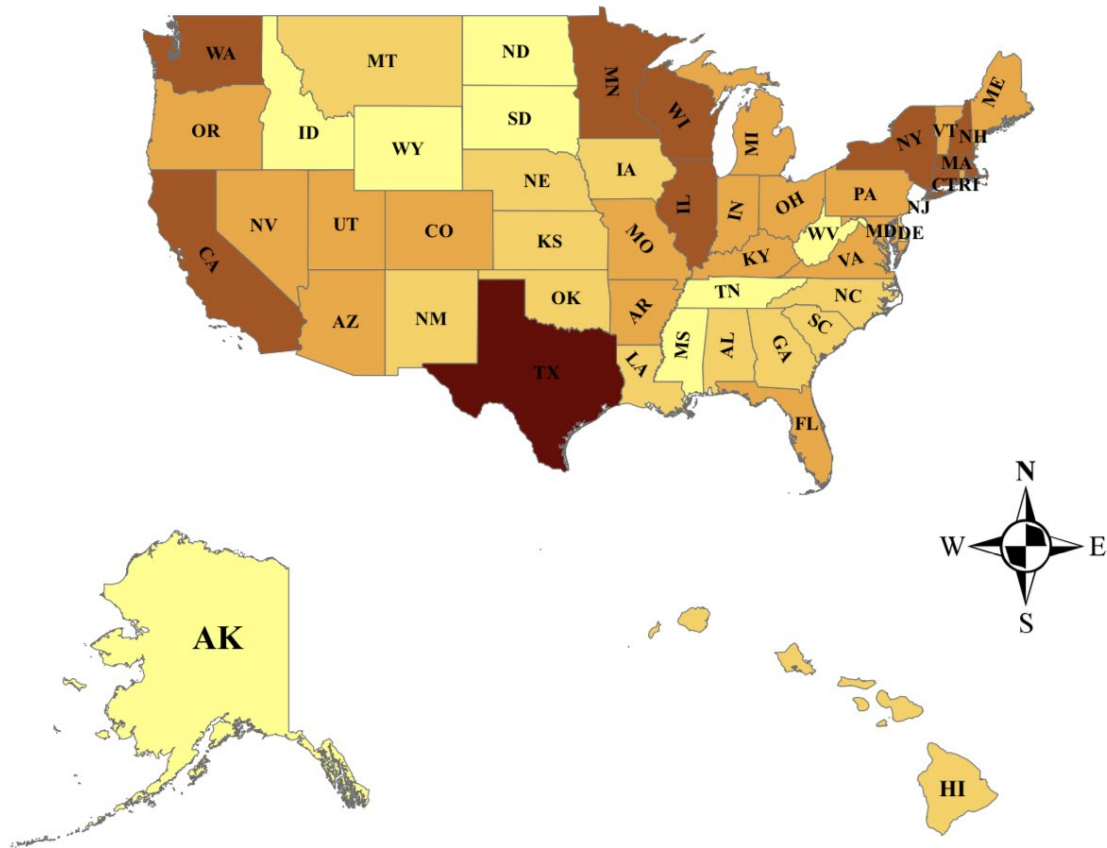
Source: U.S. Internal Revenue Service. (2021). “SOI Tax Stats-Migration Data” with R/ECON calculations

In-Migrants

Just as out-migration hurts New Jersey’s economy through their departure, in-migrants boost the state’s economy with added funds. As in the case of out-migrants, California, Florida, New York, and Pennsylvania round out the top four states in terms of the count of in-migrants to New Jersey (see Figure 3 and Table 4); they account for 81.6% of the state’s in-migrants and 80.3% of the concordant aggregate inflowing AGI. In fact, New York alone supplies about half of New Jersey’s interstate in-migrants as well as their AGI.

In general, however, New Jersey’s in-migrants have an AGI per capita that is about 15% less than that for its out-migrants—average AGI per capita of \$52,820 versus \$62,250. Of course, most of this is explained by the net balance of AGI with migrants to and from the State of New York. In fact, only New Jersey in-migrants from three states—Texas, California, and Washington—have an AGI per capita that exceeds the average of all out-migrants from New Jersey.

Figure 3: Average AGI Per Exemption for Domestic In-Migrants to New Jersey by State, 2018-2019



Legend

United States

AGI Per Exemption: NJ Inflow

- \$23,107.89 - \$29,269.84
- \$29,269.85 - \$38,084.87
- \$38,084.88 - \$48,804.78
- \$48,804.79 - \$69,080.07
- \$69,080.08 - \$100,378.24

Source: U.S. Internal Revenue Service. (2021). “SOI Tax Stats-Migration Data” with R/ECON calculations

Table 4: Top 10 Origin States of New Jersey In-Migrants, 2018-2019

State	Number of Exemptions - Inflow	Adjusted Gross Income - Inflow	AGI Per Exemption
New York	67,131	\$3,643,768,000	\$54,278.47
Pennsylvania	23,366	\$991,402,000	\$42,429.26
Florida	12,754	\$609,585,000	\$47,795.59
California	7,381	\$509,880,000	\$69,080.07
Texas	5,010	\$502,895,000	\$100,378.24
Maryland	4,882	\$201,055,000	\$41,182.92
Virginia	4,355	\$184,853,000	\$42,446.15
North Carolina	4,059	\$139,114,000	\$34,272.97
Massachusetts	3,452	\$191,854,000	\$55,577.64
Connecticut	3,238	\$189,169,000	\$58,421.56
Total	135,628	\$7,163,575,000	\$545,862.87

Source: U.S. Internal Revenue Service. (2021). “SOI Tax Stats-Migration Data” with R/ECON calculations

Conclusions

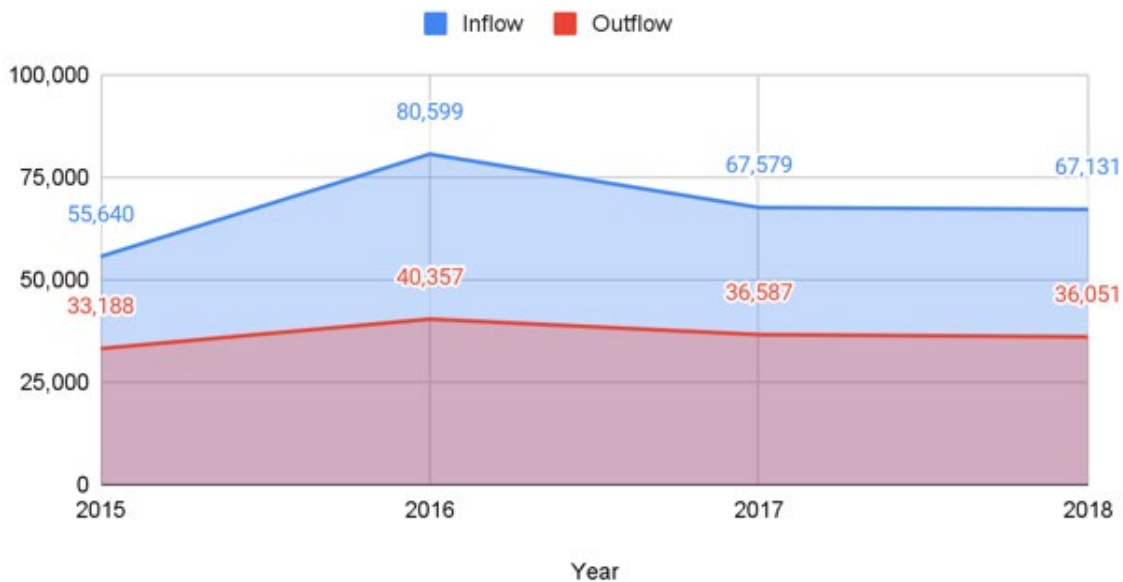
Census data for 2019 show that the top-ten most populous states are California, Texas, Florida, New York, Pennsylvania, Illinois, Ohio, Georgia, North Carolina, and Michigan. Seven of them, not surprisingly, are top-ten destinations for New Jersey out-migrants—New York, Pennsylvania, Florida, California, North Carolina, Texas, and Georgia. That is, the enhanced availability of jobs is likely a major factor pulling New Jerseyans to these states. Based on AGI per migrant, wealthier families appear to prefer California, Florida, Illinois, and New York in which to resettle. New York state’s proximity and size are logical lures. Size and climates of California and Florida also have clear appeal, as does Florida’s lack of state income tax. Only Illinois appears to be a bit of an outlier, but then it is not a notable destination for New Jersey out-migrants.

While it works for Florida, the lack of a state income tax does not appear to be the beacon for retirees and wealthy families that states might believe. Other states with no income tax are Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming (AARP). Of these, New Jersey out-migrants appear only to perceive Florida, Texas, and Washington as viable destinations, with Florida outshining the other two. This suggests that Florida’s reputation as a retirement destination gives it special caché.

The lower AGI per capita for in-migrants into New Jersey compared to that for the state’s out-migrants suggests that New Jersey is an income incubator state of sorts. That is, it is a state where families come to grow their incomes before moving on to greener pastures.

Finally, it was particularly notable that New York State is the only top-ten state in interstate migration exchange with New Jersey that had a higher rate of in-migration than for out-migration. Notably, in 2016, there was a significant upward bump in the count of New York residents coming into New Jersey. The data do not signify a reason for this phenomenon. Despite New Jersey residents leaving for New York in large numbers, New Jersey obtained a net gain of 124,766 residents from New York from 2015 to 2018.

Figure 5: New York: The Outlier State as a Destination and Origin of New Jersey Migrants, 2015-2018



Source: U.S. Internal Revenue Service. (2021). “SOI Tax Stats-Migration Data”

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Appendix A1: Domestic Out-Migration from New Jersey by State, 2018-2019

State	Number of Exemptions	Adjusted Gross Income (AGI)	AGI Per Exemption
Alabama	638	\$19,498,000	\$30,561.13
Alaska	201	\$5,570,000	\$27,711.44
Arizona	2,275	\$136,869,000	\$60,162.20
Arkansas	464	\$17,033,000	\$36,709.05
California	11,046	\$738,544,000	\$66,860.76
Colorado	2,182	\$126,588,000	\$58,014.67
Connecticut	3,273	\$234,208,000	\$71,557.59
Delaware	3,935	\$180,055,000	\$45,757.31
D.C.	737	\$58,020,000	\$78,724.56
Florida	29,413	\$2,322,536,000	\$78,962.91
Foreign	1,363	\$32,031,000	\$23,500.37
Georgia	6,240	\$255,549,000	\$40,953.37
Hawaii	519	\$19,955,000	\$38,448.94
Idaho	223	\$12,329,000	\$55,287.00
Illinois	2,867	\$188,342,000	\$65,693.06
Indiana	1,190	\$44,150,000	\$37,100.84
Iowa	350	\$12,093,000	\$34,551.43
Kansas	398	\$13,300,000	\$33,417.09
Kentucky	632	\$25,334,000	\$40,085.44
Louisiana	533	\$19,553,000	\$36,684.80
Maine	601	\$29,084,000	\$48,392.68
Maryland	5,422	\$227,012,000	\$41,868.68
Massachusetts	4,844	\$349,271,000	\$72,103.84
Michigan	1,501	\$79,160,000	\$52,738.17
Minnesota	745	\$43,159,000	\$57,931.54
Mississippi	310	\$8,123,000	\$26,203.23
Missouri	772	\$37,867,000	\$49,050.52
Montana	185	\$8,595,000	\$46,459.46
Nebraska	243	\$8,194,000	\$33,720.16
Nevada	1,232	\$58,897,000	\$47,806.01
New Hampshire	713	\$39,634,000	\$55,587.66
New Mexico	303	\$15,559,000	\$51,349.83
New York	36,051	\$2,500,804,000	\$69,368.51
North Carolina	10,326	\$496,615,000	\$48,093.65
North Dakota	157	\$6,028,000	\$38,394.90
Ohio	2,809	\$116,658,000	\$41,530.08
Oklahoma	394	\$12,248,000	\$31,086.29

Oregon	661	\$33,709,000	\$50,996.97
Pennsylvania	28,104	\$1,496,627,000	\$53,253.17
Rhode Island	689	\$26,625,000	\$38,642.96
South Carolina	5,167	\$261,860,000	\$50,679.31
South Dakota	130	\$8,452,000	\$65,015.38
Tennessee	2,263	\$112,805,000	\$49,847.55
Texas	9,250	\$452,222,000	\$48,888.86
Utah	602	\$32,631,000	\$54,204.32
Vermont	478	\$36,956,000	\$77,313.81
Virginia	6,723	\$337,075,000	\$50,137.59
Washington	2,334	\$155,561,000	\$66,649.96
West Virginia	351	\$12,505,000	\$35,626.78
Wisconsin	566	\$27,536,000	\$48,650.18
Wyoming	109	\$6,975,000	\$63,990.83

Appendix Table A2: Domestic In-Migration into New Jersey by State, 2018-2019

State	Number of Exemptions	Adjusted Gross Income (AGI)	AGI Per Exemption
Alabama	433	\$13,509,000	\$31,198.61
Alaska	241	\$5,575,000	\$23,132.78
Arizona	1,214	\$59,249,000	\$48,804.78
Arkansas	292	\$13,256,000	\$45,397.26
California	7,381	\$509,880,000	\$69,080.07
Colorado	1,332	\$57,412,000	\$43,102.10
Connecticut	3,238	\$189,169,000	\$58,421.56
D.C.	599	\$36,120,000	\$60,300.50
Delaware	1,953	\$72,863,000	\$37,308.24
Florida	12,754	\$609,585,000	\$47,795.59
Foreign	1,574	\$33,852,000	\$21,506.99
Georgia	3,054	\$95,437,000	\$31,249.84
Hawaii	460	\$13,987,000	\$30,406.52
Idaho	111	\$2,667,000	\$24,027.03
Illinois	2,637	\$147,618,000	\$55,979.52
Indiana	767	\$31,902,000	\$41,593.22
Iowa	271	\$10,321,000	\$38,084.87
Kansas	390	\$13,883,000	\$35,597.44
Kentucky	469	\$19,771,000	\$42,155.65
Louisiana	543	\$20,562,000	\$37,867.40
Maine	292	\$11,626,000	\$39,815.07
Maryland	4,882	\$201,055,000	\$41,182.92
Massachusetts	3,452	\$191,854,000	\$55,577.64
Michigan	1,187	\$54,875,000	\$46,229.99
Minnesota	694	\$39,948,000	\$57,561.96
Mississippi	232	\$6,740,000	\$29,051.72
Missouri	788	\$35,911,000	\$45,572.34
Montana	98	\$3,173,000	\$32,377.55
Nebraska	195	\$6,339,000	\$32,507.69
Nevada	609	\$25,848,000	\$42,443.35
New Hampshire	443	\$27,257,000	\$61,528.22
New Mexico	234	\$7,230,000	\$30,897.44
New York	67,131	\$3,643,768,000	\$54,278.47
North Carolina	4,059	\$139,114,000	\$34,272.97
North Dakota	105	\$3,056,000	\$29,104.76
Ohio	1,822	\$77,762,000	\$42,679.47
Oklahoma	306	\$10,192,000	\$33,307.19
Oregon	468	\$20,035,000	\$42,809.83
Pennsylvania	23,366	\$991,402,000	\$42,429.26
Rhode Island	495	\$19,797,000	\$39,993.94
South Carolina	1,640	\$51,848,000	\$31,614.63
South Dakota	98	\$2,366,000	\$24,142.86
Tennessee	1,140	\$26,343,000	\$23,107.89

Texas	5,010	\$502,895,000	\$100,378.2 4
Utah	434	\$17,030,000	\$39,239.63
Vermont	337	\$15,434,000	\$45,798.22
Virginia	4,355	\$184,853,000	\$42,446.15
Washington	1,257	\$84,716,000	\$67,395.39
West Virginia	295	\$8,521,000	\$28,884.75
Wisconsin	461	\$27,928,000	\$60,581.34
Wyoming	63	\$1,844,000	\$29,269.84
