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*Moving from a hightax state to one with no income tax is like a 30% increase in pay.*

# You Can Take It With You—to Florida



**By Stephen Moore**

Would you consider moving to get a 30% pay increase? We know from IRS tax-return data that this is exactly what many high-income Americans are doing—only they're changing where they're taxed, not necessarily where they work.

Consider a successful couple living in Beverly Hills, Calif., or Manhattan with a joint income of $5 million. The top marginal state and local income- tax rate in California and New York City is between 14% and 15%. The highest federal tax rate is roughly 40%. So in California and New York a wealthy couple pays a combined tax rate of 54% and keeps 46 cents of each additional dollar they earn.

If they move to Florida, Tennessee, Texas or another state with no income tax, they keep 60 cents instead of 46. They've given themselves a 30% pay raise. If they live in a state with approximately a 10% income tax—such as Massachusetts, Minnesota, New Jersey, Vermont or Washington— they get a roughly 22% after-tax pay raise by moving to Florida or Texas.

Some Democrats think they can discourage interstate tax migration by raising federal taxes. Sens. Bernie Sanders of Vermont and Elizabeth Warren of Massachusetts have proposed eliminating the income cap on the Social Security payroll tax, which would raise the effective federal tax rate by 12.4 points. One Republican, Sen. Bernie Moreno of Ohio, has also endorsed this idea.

Not !

Yet these proposals would heighten the incentive to flee high-tax states. With the Social Security cap gone, the federal tax on income would be roughly 52%. A Californian or New Yorker would pay a 66% combined rate and keep 34 cents of each additional dollar he earns. In Florida or Texas he would keep 48 cents. So the tax filer would now boost take-home pay by roughly 41% by moving.

The benefit of moving may soon grow even bigger. California voters will decide in November whether to impose a 5% tax on individual net worth exceeding $1 billion. There's talk of similar levies in other blue states. Nvidia CEO Jensen Huang says he is "perfectly fine" with the wealth-tax initiative, which would cost him roughly $8 billion. He argues that the Golden State's "talent pool and environment" are good for high tech.

True enough, but a lot of California's wealthiest residents— along with those of New York and other high-tax states—are already relocating. An Unleash Prosperity analysis of IRS data over the past 11 years finds that California and New York have lost a cumulative $500 billion of taxable income due to interstate migration. Little wonder that California Gov. Gavin Newsom has opposed the state wealthtax initiative while urging a federal wealth tax.

The saving grace is that such a tax would almost certainly be unconstitutional. If it weren't, the wealthy and productive would start fleeing not only high-tax states but high-tax America.

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