

States of Opportunity

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An old adage says high taxes don't redistribute income, they redistribute people. For new evidence look no further than migration patterns within the United States, as documented in a new survey by the moving company United Van Lines.

America on the Move	
Percentage of shipments into and from the state, 2007	
Top five destination states	
North Carolina	62%
Nevada	59
Alabama	58
Oregon	58
South Carolina	58
Top five departure states	
Michigan	68%
North Dakota	67
New Jersey	61
New York	59
Illinois	58

Source: United Van Lines, January 2008

A record eight million Americans -- some 20,000 people every day -- relocated to another state last year. So where are these families headed and why? The general picture is this: Americans are continuing to flee the Northeast and Midwest, while the leading destinations continue to be Southern and Western states.

The United Van Lines study finds that the biggest population loser last year was Michigan, where two families moved out of the state for every new family that moved in. Americans are also fleeing New York, New Jersey, Ohio, Pennsylvania and Illinois. Without interviewing the departed, it's impossible to know the reasons for this outward migration. No doubt overall economic prospects, climate, quality of life and housing prices play a role.

But one reason to conclude that taxes are also a motivator is because the eight states without an income tax are stealing talent from other states. They are Florida, Nevada, New

Hampshire, South Dakota, Tennessee, Texas, Washington and Wyoming, and each one gained in net domestic migrants. Each one except Florida -- which has sky-high property taxes on new homesteaders -- also ranked in the top 12 of destination states. The nearby table ranks the top five destination and departure states.

Politicians who think taxes don't matter might want to explain the Dakotas. North Dakota ranked second worst in out-migration last year, while South Dakota ranked in the top 10 as a destination. The two are similar in most regards, with one large difference: North Dakota has an income tax and South Dakota doesn't.

Here's another example. The only Pacific Coast state to lose migrant population in 2007 was California, which has the highest state income tax in the nation. This is the continuation of a dismal 10-year performance with nearly one and a half million Golden Staters leaving what was once the premier destination state in America.

Meanwhile, next door, Nevada was second among the states in new families -- and a big percentage of the new arrivals are Californians. Nevada has no income tax. High income

Californians can buy a house in Las Vegas for the amount of money they save in three or four years by not paying California income taxes.

One of the few Northeastern states that gained interstate migrants in 2007 was New Hampshire, the only state in New England without an income tax. For the exception that proves the tax rule, we should also mention Vermont, a high-tax state with a big net influx last year. Maybe these folks like the Ben & Jerry's lifestyle, and we also hope they like the government they're paying for.

We invite readers to visit the U-Haul Moving Company Web site (www.uhaul.com), where you can type in a pair of U.S. cities to learn what it costs to move from point A to B. If you want to move, say, from Austin, Texas to Southern California, the moving van will cost you \$407 to rent. But if you want to move out of California to Austin, the same van costs \$1,831. A move from Dallas to Philadelphia costs \$663, versus \$2,433 to swap homes in the other direction. The biggest discrepancy we could find was \$557 from Nashville, Tennessee to Los Angeles, but the trip costs nearly eight times more, or \$4,285, to move to Nashville from L.A.

Our friends on the left say Americans are willing to pay more taxes to get better government services, but their migration patterns reveal the opposite. Governors would be wise to heed these interstate migration trends as they try to cope with what may be one of the worst years in recent memory for state finances. The people who tend to be the most mobile in American society are the educated and motivated -- in other words, the taxpaying class. Tax them too much, and you'll soon find they aren't there to tax at all.

http://online.wsj.com/public/article_print/SB120277561232960623.html