



Analytics

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RE: Thank goodness for the beaches!

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The latest interstate migration data from the IRS for Delaware (2009-10) confirms once again that households vote with their feet.

Statewide, Delaware had a net gain of households from the surrounding higher property tax states, bringing a net gain in personal income as well. The leading contributing states to Delaware in terms of net Adjusted Gross Income (AGI) between 2009-10 were: New Jersey (plus \$44 million of net AGI into Delaware), Maryland (\$42 million), Pennsylvania (\$25 million), and New York (\$15 million).

The net migrating households into Delaware generally had above average reported AGI. While the average AGI for non-migrating Delaware households was \$59 thousand, the average AGI for net in-migrating households from Maryland was \$122 thousand, \$68 thousand for New York, and \$66 thousand for New Jersey.

At the same time there was net out-migration from Delaware to states with lower taxes, especially lower personal income taxes, and warmer weather. The leading destination states included: Florida (a net loss of \$15 million of AGI), and Texas, Georgia and North Carolina (\$4 million each). Almost \$5 million net was lost in the flow of households to and from Delaware and foreign countries.

Delaware's net gain of \$54 million in AGI during 2009-10 was entirely due to retirees moving from other states into Sussex County. During that year the net in-migration of households into Sussex County generated a net gain in AGI of \$103 million. Over the same time period New Castle County had a net loss of \$35 million of AGI and Kent County \$9 million. The average AGI of net migrating households from New Castle County was \$190 thousand.

The state of Delaware is pursuing conflicting tax policies with regard to household migration. The increase of the top personal income tax to almost 7% and the reinstatement of the estate tax on higher income individuals are driving wealthier residents out of Delaware. Alternatively, the very low property taxes and the absence of a sales tax are drawing retiree households into the coastal areas of southern Delaware. Thank goodness for the beaches!

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