

Wealthier New Yorkers Aren't Fleeing the City for Tax Havens, a Study Says

By SAM ROBERTS

JULY 20, 2014

THE NEW YORK TIMES

Sean Hannity, the Fox News prime-time host, threatened last month to leave New York for a tax haven down south. Tiger Woods transplanted himself from California to Florida for the same reason. The actor Gerard Depardieu decamped from France and sought citizenship in Russia after complaining that 85 percent of his income was consumed by taxes.

"I can't wait to pay no state income tax down in Florida or Texas," Mr. Hannity, who lives in Nassau County, said. "I haven't decided yet, but I'm leaning Florida because I like the water and I like to fish."

But a new analysis being released Monday undermines the frequent assertion that wealthy people reflexively flee New York City — where Mayor Bill de Blasio campaigned to raise taxes on those who make more than \$500,000 — for low-tax states.

The study, by the city's Independent Budget Office, found that the share of higher-income households that moved from the city in 2012, 1.8 percent, equaled the share of lower-income households that left.

Moreover, the budget office determined that 42 percent of households that made more than \$500,000 and left the city in 2012 moved elsewhere in New York State. Another 22 percent departed for New Jersey, which is hardly considered a tax haven and where a so-called millionaire's tax was imposed in 2004.

The third favorite destination among the wealthy, with 12 percent, was Connecticut, where the Tax Foundation, a nonpartisan research group, estimated that taxpayers typically did not earn enough until May 9, the latest of any state, to pay their total tax bill.

Fourth on the list of top destinations was California, where 9 percent of the wealthy households went.

That means that 86 percent of the households making \$500,000 or more that left the city moved to four states with reputations for high taxes. Only 45 percent of the less wealthy households relocated to those states.

Despite the allure of tropical fishing, only 2 percent of the wealthier households bolted for Florida

(compared with 10 percent of households that made less than \$500,000, many of them retirees). Just over 4 percent of the wealthier households headed for Texas (as did exactly the same percentage of less wealthy households).

States known for lower taxes, among them, South Dakota, Delaware, New Mexico, Utah, Tennessee, Louisiana, Colorado, Alabama and Wyoming, did not even register on the study's list of destinations for wealthier New York City movers.

The budget office study, prepared by Julie Anna M. Golebiewski, also compared New Yorkers' destinations in 2008 and 2012, generally before and after the recession and the first and most recent years for which Census Bureau data was available.

While lower-income movers chose the same locations both years, the wealthier ones were much more likely to move within the tristate region of Connecticut, New Jersey and New York in 2012, compared with 2008.

"The implication is pretty clear that at least based on 2012, and it's not much different for 2008, high-end New Yorkers are not making their relocation decisions simply looking for tax havens," said Doug Turetsky, the budget office's chief of staff.

While unequivocally critical of Mr. de Blasio's tax-the-rich proposal, former Mayor Michael R. Bloomberg has acknowledged previously that high taxes have driven few of his fellow billionaires from New York. The study suggests that wealthier New York City residents, like other movers, weigh job opportunities, housing and family considerations when deciding whether to move.

"I can only tell you, among my friends, I've never heard one person say, 'I'm going to move out of the city because of the taxes,' " he said.

<http://www.nytimes.com/2014/07/21/nyregion/wealthier-new-yorkers-arent-fleeing-the-city-for-tax-havens-a-study-says.html>