FACT SHEET

CAPITAL FLIGHT FROM HIGH-TAX STATES TO LOW-TAX STATES

Over the past few years, several high-profile companies and millions of Americans are moving out of higher-taxed states and into states with more friendly tax policies. High-tax states have all seen more outward migration, with low-tax states all benefiting from inward migration, with tax climates cited as a primary driver.

Did you know?...

- **California** – As of January 2026, California reportedly lost 11 individuals worth $400 billion in combined wealth because of the state's consideration of a new Billionaire Tax Act. Between 2013 and 2023, California has identified a cumulative net adjusted gross income loss of approximately $119.7 billion.

- **New York -** Between 2013 and 2023, New York has identified a cumulative net adjusted gross income loss of approximately $102.4 billion, with 2020-21 serving as the worst year, where New York lost $24.5 billion in adjusted gross income.

- **New Jersey -** Since 2004, New Jersey has lost an estimated $45.5 billion in adjusted gross income to outmigration, losing $5.27 billion alone in adjusted gross income in 2024. Between 2013 and 2023, New Jersey has identified a cumulative net adjusted gross income loss of approximately $32.2 billion.

Why they're leaving and where they're going

High-income states losing the most taxpayers (IRS 2022–2023): California (-100,397 filers), New York (-71,987), Illinois (-28,609), New Jersey (-19,370), Massachusetts (-15,378)

Top gaining states: Texas (+56,473), Florida (+55,359), North Carolina (+39,118), South Carolina (+29,214), Tennessee (+24,104)

Capital Flight From High-Tax States To Low-Tax States

Executive Summary

Over the past several years, several high-profile companies and millions of Americans are moving out of higher-taxed states and into states with more friendly tax policies. High-tax states such as California, New York, New Jersey, and Illinois have all seen more outward migration, with low-tax states such as Texas, Florida, North Carolina, and Tennessee all benefiting from inward migration, with tax climates cited as a primary driver. A majority of voters have supported corporations leaving a state because taxes are too high or that corporations should leave a state because there is lower cost of living in another state.

The following states lost businesses and individuals due to taxes:

- As of January 2026, California reportedly lost 11 individuals worth $400 billion in combined wealth because of the state's consideration of a new Billionaire Tax Act. Between 2013 and 2023, California has identified a cumulative net adjusted gross income loss of approximately $119.7 billion.
- Between 2021-2022, New York State lost 222,702 residents and $14.1 billion in adjusted gross income alone to domestic outmigration. Between 2013 and 2023, New York has identified a cumulative net adjusted gross income loss of approximately $102.4 billion.
- Since 2004, New Jersey has lost an estimated $45.5 billion in adjusted gross income to outmigration, losing $5.27 billion alone in adjusted gross income in 2024. Between 2013 and 2023, New Jersey has identified a cumulative net adjusted gross income loss of approximately $32.2 billion.
- In 2021-2022, 13,000+ high-earning households (income more than $200,000) left Washington State, with Nevada, which enacts no income or capital gains tax, serving as the top destination. As of Spring 2024, the Association of Washington Businesses reported that almost a quarter of all employers were debating leaving the state, with the tax burden serving as a key driver.

The below states gained businesses and individuals due to favorable tax policies:

- Since 2015, Texas has benefited from over 300 companies relocating to their state, including companies leaving California and other high-tax states.
- In 2022, Citadel and Citadel Securities were reported as leaving Illinois and moving their headquarters to Florida, with taxes partially cited as the reason for the move.
- In 2021, Tennessee's first full year with no-income-tax, Tennessee had the highest GDP growth of any state recorded in the 2000s. Additionally, Amazon, FedEx, Nissan, Hankook Tire, and AT&T all were among the top recipients of Tennessee's business tax rebate program, with 60,000 companies sharing approximately $1.5 billion in 3-year refunds.
- Beginning in 2025, North Carolina has set a schedule to eliminate the 2.5% corporate income tax entirely. This has made North Carolina the 3rd most popular destination state for high income earners nationally, behind only Texas and Florida.

Who's Leaving And Where They're Going

- Between April 2020 and July 2023, approximately 2.8 million more Americans moved out of high-tax states than moved in, with income tax rates a primary driver, especially for the highest earners and tax base contributors.
- High-income states losing the most taxpayers (IRS 2022–2023): California (-100,397 filers), New York (-71,987), Illinois (-28,609), New Jersey (-19,370), Massachusetts (-15,378)
- Top gaining states: Texas (+56,473), Florida (+55,359), North Carolina (+39,118), South Carolina (+29,214), Tennessee (+24,104)

States Losing Citizens And Businesses Due To Taxes

California:

- California proposed a Billionaire Tax Act, a purported 5% one-time tax on net worth of over $1 Billion as of January 2026, triggering a wave of high-earning individuals leaving California.
- Individuals who left California in response to this tax proposal included Elon Musk, Peter Thiel, David Sacks, Larry Page, and Sergey Brin.
- As of January 2026, an estimated 11 billionaires with $400 billion in combined wealth were planning to or had already left California in response to this proposal.
- Between 2013 and 2023, California has identified a cumulative net adjusted gross income loss of approximately $119.7 billion, with the worst year being 2020-2021, where California lost $29.1 billion in adjusted gross income.

New York:

- In 2021- 2022, New York State lost 222,702 residents and $14.1 billion in adjusted gross income alone to domestic outmigration, with many residents fleeing to Florida and other low-tax states according to the Internal Revenue Service. This decade, New York's top marginal income tax rate hit 10.9% (2021), among the nation's highest.
- Between 2013 and 2023, New York has identified a cumulative net adjusted gross income loss of approximately $102.4 billion, with the worst year being 2020-2021, where New York lost $24.5 billion in adjusted gross income.

New Jersey:

- Since 2004, New Jersey has lost an estimated $45.5 billion in adjusted gross income to outmigration, losing $5.27 billion adjusted gross income in 2024, with tax policies frequently cited as a reason for this loss of income.
- Between 2013 and 2023, New Jersey has identified a cumulative net adjusted gross income loss of approximately $32.2 billion, with the worst year being 2021-2022, where New Jersey lost $5.3 billion in adjusted gross income.

Washington:

- In 2023, the State of Washington enacted a 7% capital gains excise tax. In 2021-2022, 13,000+ high-earning households (income more than $200,000) left Washington state, with Nevada, which enacts no income or capital gains tax, serving as the destination of choice.
- As of Spring 2026, 24% of Washington employers are considering leaving the state according to the Association of Washington Business.
- The National Taxpayers Union estimates a taxpayer leaves Washington state every 29 minutes and 55 seconds; Florida gains one every 2 minutes and 9 seconds.
- Between 2013 and 2023, Washington State identified a gain in net adjusted gross income until 2020, where this trend reversed course, with the worst year being 2021-22, where Washington State lost $1.6 billion in adjusted gross income.

States Gaining Citizens And Businesses Due To Taxes

Florida:

- In June 2022, Ken Griffin (net worth ~$35B), founder of Citadel and Citadel Securities, relocated both companies' global headquarters from Chicago to Miami after a prolonged dispute with Governor J.B. Pritzker over the Governor's proposed efforts for new tax rates.

Texas

- Since 2015, over 314 companies relocated their headquarters to Texas from other states, including Tesla and Caterpillar, Inc., with the state's tax policies cited as the reason for the relocation.
- Since 2024, 24 companies moved their headquarters to Texas, with 11 of them coming from California.

Tennessee:

- In 2021, Tennessee's first full no-income-tax year, GDP growth hit 8.8%, highest of any state and the highest rate recorded in the 2000s.
- In 2025, In-N-Out Burger owner Lynsi Snyder announced a move to Tennessee in 2025, citing significant personal and business tax advantages.
- Amazon, FedEx, Nissan, Hankook Tire, and AT&T all were among the top recipients of Tennessee's business tax rebate program, with 60,000 companies sharing approximately $1.5 billion in 3-year refunds.

North Carolina:

- Beginning in 2025, North Carolina has set a schedule to eliminate the 2.5% corporate income tax entirely. This has made North Carolina the 3rd most popular destination state for high income earners nationally, behind only Texas and Florida.

- According to the National Taxpayers Union Foundation, North Carolina gains a new resident every 7 minutes and 36 seconds.

Polling In Support Of Businesses Fleeing High Tax States

- In May 2026, 73% of voters said they it is appropriate for a corporation to leave a state because taxes are too high.
- Additionally, 69% of voters say it is appropriate for a corporation to leave a state because there is lower cost of living in another state.
- A majority of voters (59%) believe it is appropriate to leave a state because the corporation disagrees with the state leaders on issues related to business.