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New York City Independent Budget Office

Fiscal Brief

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New Yorkers on the Move 1989–2007: Where They Came From, Where They Went

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SUMMARY

NEW YORK HAS LONG BEEN KNOWN AS A CITY OF IMMIGRANTS, with new arrivals coming from far overseas or as close as just across the Hudson. Even as thousands of new New Yorkers arrive each year, many others depart. This annual coming and going has important implications for the city, not the least of which is its effect on tax revenues.

IBO has examined Internal Revenue Service tax filer county-to-county migration data to track New York City in-migration and out-migration from 1989–2007, as well as moves within the city over that period. By tracking the tax returns filed by migrants the year before they came to the city and the year they left, we can get a picture of how many came, went, and stayed each year along with household size and income level.

While the overall population of New York City grew between 1989 and 2007, more individuals and households who filed tax returns, or "tax filers," moved out of the city than moved in each year, although the difference has generally narrowed over time. Among the report's other key findings:

- Outgoing tax filers had substantially higher inflation-adjusted incomes than incoming tax filers in every year between 1997 and 2007. The 2006 average real income per return of 2007 in-migrants was $53,400, compared with $68,400 for filers who left the city.
- Since 2004, in-migration of tax filers has grown strongly while out-migration leveled off and then declined. In 2007, roughly 129,500 filers moved out of New York City, just 17,464 more than the number who moved in.
- Each year from 1989 to 2007 the average number of exemptions per outgoing tax filer exceeded the average number per incoming return, suggesting that exiting tax filers were more likely to have children and less likely to be single than newcomers to the city.
- Taxpayer migration data provide little evidence of a large or lasting September 11th effect. Rather than the mass exodus some observers forecast, the number of tax filers leaving New York City in 2002 actually declined.

Nearby counties remained the most important sources of and destinations for tax filers moving into and out of New York City from 1989 to 2007, but the importance of more distant places grew significantly during the period. The number of tax filer moves between New York City boroughs trended upward after the mid-1990s, but leveled off in 2003.

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TAX FILERS COMING AND GOING

Since the early 1990s, migration of tax filers *into* New York City has grown almost steadily.[1] In fact, it nearly doubled. According to data from the Internal Revenue Service (IRS), the number of new tax filers exceeded 112,000 in 2007, up from 59,600 in 1991. The number of tax filers moving *out of* New York City also climbed. After falling below 98,800 in 1994, out-migration rose to 133,000 in 2001 and then 135,800 in 2005. It declined in the next two years, but remained far above levels reached prior to 2000. In 2007, about 129,500 tax filers left the city.[2] (See the appendix for definitions and description of the data.)

Out-migration exceeded in-migration every year between 1989 and 2007. But net out-migration, defined as out-migration minus in-migration, declined in most years because the number arriving grew by more than the number leaving. In 2007 net out-migration was just 17,500 tax filers, down from 49,200 tax filers in 1991.

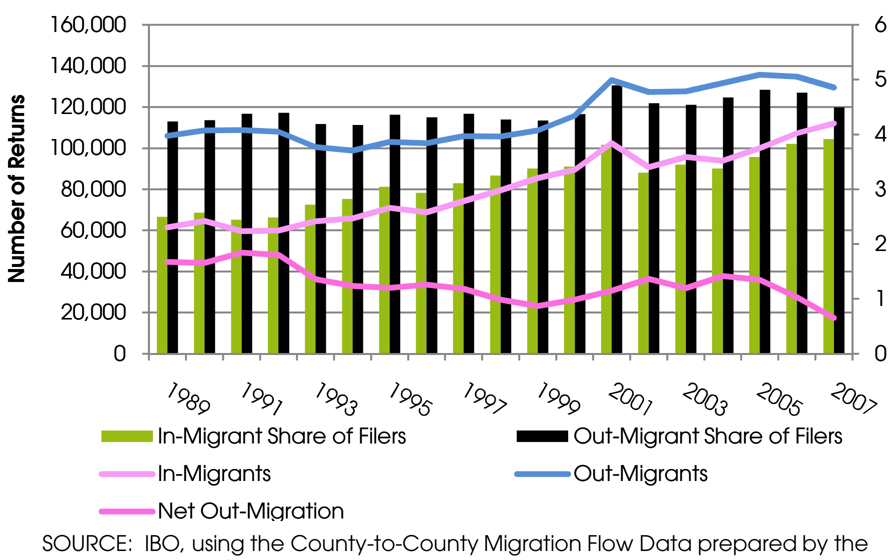
In most years, growth in the numbers of incoming and outgoing tax filers exceeded growth in the total number of New York City tax filers. Consequently, both inbound and outbound migrants represented growing shares of city tax filers. Incoming tax filers represented 2.5 percent of all New York City tax filers in 1989 and 3.9 percent in 2007. [3] For outgoing tax filers, the change over the study period was smaller. Tax filers who left the city represented 4.2 percent of the total number of tax filers in 1988, 4.9 percent in 2001, and 4.5 percent of the total number in 2006.[4]

Employment Opportunities and September 11th. In 14 of the 19 years we observe, New York City added jobs at a slower annual rate (or lost jobs at a greater rate) than the nation as a whole.[5] In those years in which the city added jobs at a rate closer to (or better than) the national employment growth rate, net out-migration of tax filers for New York City tended to decline; put another way, in-migration grew more rapidly than out-migration when the local labor market was relatively strong. (Over the 1989–2007 period, the correlation between net out-migration and the difference between local employment growth and national employment growth was -0.88.). In particular, the relatively strong growth in in-migration in the late 1990s, as compared to out-migration, occurred when the New York City employment growth rate gradually caught up with and then exceeded the national employment growth rate.

The tax filer migration data provide some evidence of a "September 11th" effect, but not a large or lasting one. Looking first at in-migration, the number of incoming tax filers fell by about 11,600 (11.4 percent) in 2002. While some part of this large drop in new tax filers may have been a response to the September 11th attacks, the relatively steep downturn in the local economy, as compared to the nation, likely had an impact, too. After incredibly high growth of 98,900 jobs (2.7 percent) in 2000, New York City lost 28,600 jobs in 2001, 108,000 jobs in 2002, and 50,000 jobs in 2003. These local employment losses were proportionately larger than national losses, but the part of the city's employment loss attributable to September 11th remains an unresolved question.

Turning to out-migration, the story is somewhat more surprising. Rather than the mass exodus that some expected, 2002 had a 5,800 (4.4 percent) *decline* in the number of outgoing tax filers. Because the incoming number of filers dropped more than the outgoing number in 2002, the net outflow of tax filers rose by 5,800 returns (19.0 percent) that year. In 2003, however, 43 percent of the 2002 drop in in-migration was regained, out-migration grew just slightly, and net out-migration dropped back roughly to where it was in 2001. A jump in net out-migration in 2004 reflected a drop in in-migration and a jump in out-migration, as New York City's labor market remained relatively weak.

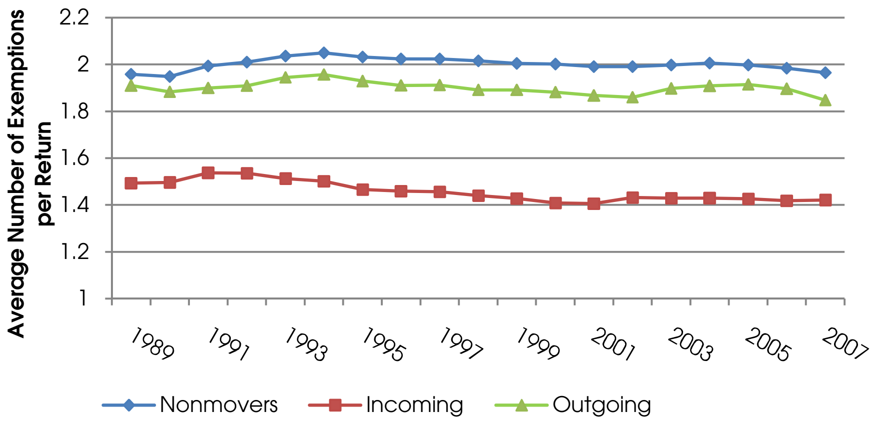
Net Out-Migration Has Generally Declined Over Time



SOURCE: IBO, using the County-to-County Migration Flow Data prepared by the Internal Revenue Service.

In 2006 and 2007, however, as the city's employment growth rate first caught up with the nation's, and then exceeded it as national employment growth slowed, net out-migration from the city fell more steeply. The number of incoming tax filers

Average Exemptions per Filer Lower for In-Migrants



SOURCE: IBO, using the County-to-County Migration Flow Data prepared by the Internal Revenue Service.

rose in each of those years, while the outgoing number declined.

Exemptions. For a great majority of tax filers, the number of exemptions claimed on a tax return equals the number of people represented by the return. Thus, the average number of exemptions per return filed by a group (for example, tax filers who moved into New York City in 2007) provides a measure of average household size in that group.[6]

Throughout 1989 to 2007, the average number of exemptions per outgoing return exceeded the average number per incoming return, suggesting that exiting tax filers were more likely to be married and have children than newcomers to the city. The average number of exemptions per return for those moving into the city between 2006 and 2007 was 1.42, while the average for those moving out of the city during that time was 1.85 per return. The difference fell below 0.4 exemptions in the early 1990s, but then stayed between 0.43 and 0.49 from 1994 to 2007. In each year examined, tax filers who moved into the city and tax filers who had moved out of the city both had lower average exemptions per return than tax filers who lived in the city that year and the previous year (who we will call nonmovers).[7]

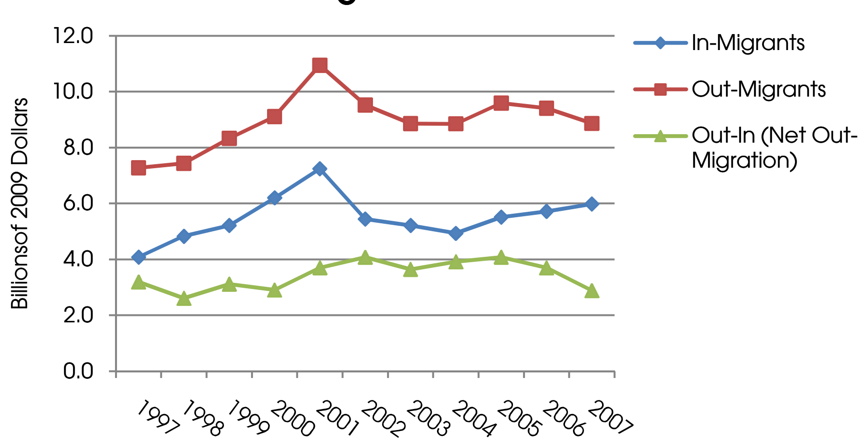
Income. To measure total income lost or gained by the city economy because of tax filer migration each year, it would be ideal to know the New York City incomes of both in-migrants and out-migrants in the same tax year. Unfortunately, the IRS reports income for just the first of the two years over which a move occurs. We use these reported incomes to measure how migration affects total city income, assuming they are good approximations to the migrants' New York City incomes.[8]

In every year of the observation period, the aggregate income of out-migrants exceeded the aggregate income of in-migrants, although the difference in incomes fluctuated over time. Aggregate incomes of both incoming and outgoing migrants rose steadily between 1997 and 2001, and the difference in aggregate incomes trended upward during this period. In 2002 aggregate real incomes for in-migrants and out-migrants both turned down and then declined for the next two years before turning up slightly in 2005. In the last two years observed, however, the difference in aggregate incomes between out-migrants and in-migrants fell; the difference in aggregate income in 2009 was less than the difference in 1997.

The higher aggregate income of out-migrants reflected not only their larger numbers, but also their higher average income per return. On average, outgoing tax filers had substantially higher income per return than incoming tax filers every year between 1997 and 2007. The 2006 average income per return of 2007 in-migrants was $53,400, while the average for those who left the city was $68,400.

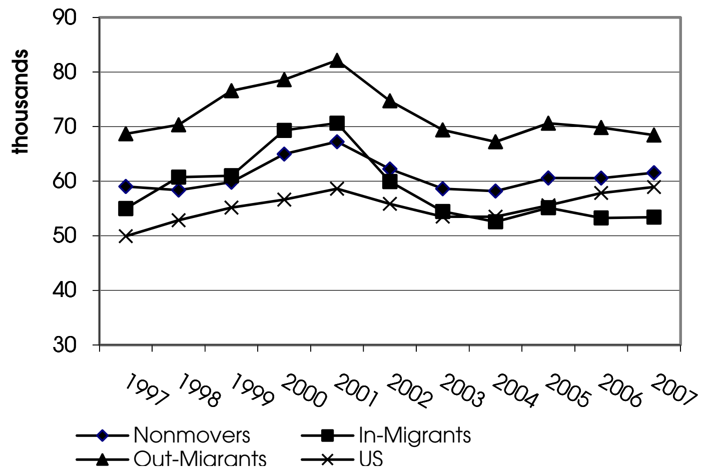
Because incoming tax filers had fewer average exemptions per return, incoming tax filers actually had higher incomes per exemption. The largest differences in income per exemption appeared in 2000 and 2001 (income years 1999 and 2000) when

Aggregate Income of Out-Migrants Excedes That of In-Migrants



SOURCE: IBO, based on Internal Revenue Service County-to-County Migration Flow Data.

Out-Migrants Have Higher Adjusted Gross Income per Return

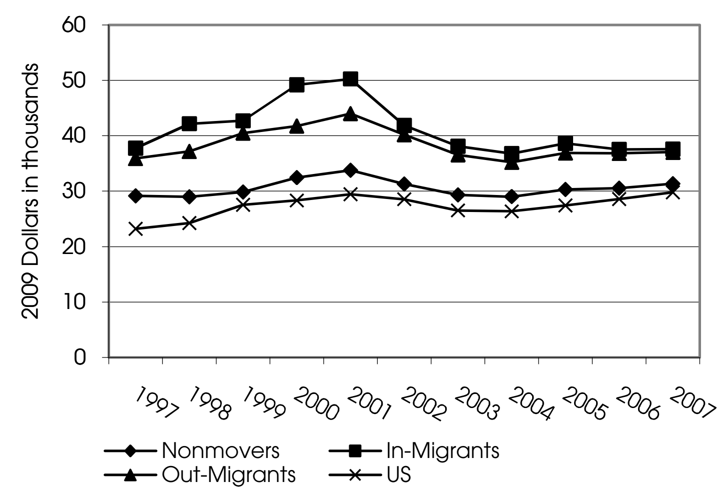


SOURCE: IBO, using the County-to-County Migration Flow Data prepared by the Internal Revenue Service.

the New York City economy was roaring. In-migrants' relatively high prior-year income per return and relatively low number of exemptions per return together suggest that single, high-skilled, high-salary workers flocked to the city during its expansion. In 2002, as the city's economy took a deeper dive than the national economy, the in-migrant versus out-migrant difference in income per exemption dropped sharply. Incoming tax filers had a larger drop in average income per return than did outgoing tax filers, and their exemptions per return rose slightly.

Understanding why in-migrant income fell more sharply is constrained by our IRS data. We do not observe job and worker characteristics. However, Bureau of Labor Statistics data show that although the relatively high-paying securities industry had just 6.2 percent of all private-sector jobs in 2000, the industry lost one-fifth of all private sector jobs that disappeared in the 2001–2003 recession. Thus, there were fewer high-paying employment opportunities in the city, and more unemployed local workers competing for what was left. This bleak labor market probably attracted fewer high-skilled, high-salaried workers from outside the city than the numbers that arrived in the boom years. More time spent unemployed may have depressed in-migrant prior year earnings relatively more, as well.

In-Migrants Have Higher Adjusted Gross Income per Exemption



SOURCE: IBO, using the County-to-County Migration Flow Data prepared by the Internal Revenue Service.

The difference in income per exemption between in-migrants and out-migrants remained stable from 2002 to 2005, as average income per return declined for both groups through 2004 and then rose a bit in 2005, and the difference in exemptions per return changed little. The difference narrowed by the end of the observation period, however, with average income per exemption for in-migrants ($37,600) was just slightly higher than that of out-migrants ($37,000).

In all years studied, average income per return for tax filers who left the city also exceeded average income per return for nonmovers in the city, and, not surprisingly, both these averages exceeded the national average each year. The relative position of entrants' average income per return varied more over time. Entrants' average income per return exceeded the average for nonmovers as well as the national average in the boom years of 1998 to 2001 (income years 1997 to 2000), but it fell below the average of nonmovers in 2002 and then below the national average in 2004, and that is where it stayed through 2007.

Average incomes per exemption of movers in both directions exceeded the average income per exemption for those who stayed in New York City, which consistently exceeded average income per exemption for the nation. Between 2004 and 2007, however, the differences in average income per exemption between movers and others were much narrower than the differences in 2000 and 2001.

MOVERS: WHERE THEY CAME FROM, WHERE THEY WENT

A large number of moves to and from New York City were moves from and to locations not far from the city. Throughout the period studied, New York and New Jersey consistently ranked as the first and second most important states in terms of where movers came from and where they went, with the counties closest to the city accounting for large shares of movers. Over time, however, the relative importance of nearby locations declined, as the numbers of tax filers moving between the city and more distant locations grew more quickly.[9] Intra-

Sources and Destinations of Tax Filers Migrating to and from New York City	Migrating between 1990 and 1991				Migrating between 2006 and 2007			
	Inbound Number of Filers	Percent of all Entries	Outbound Number of Filers	Percent of All Exits	Inbound Number of Filers	Percent of all Entries	Outbound Number of Filers	Percent of All Exits
All filers	**59,593**		**108,779**		**112,023**		**129,487**	
New York State	17,829	29.9%	31,583	29.0%	24,218	21.6%	32,686	25.2%
Nassau County	6,715	11.3%	11,778	10.8%	7,625	6.8%	10,998	8.5%
Westchester County	4,011	6.7%	7,048	6.5%	5,158	4.6%	7,633	5.9%
Suffolk County	3,237	5.4%	5,543	5.1%	4,242	3.8%	5,355	4.1%
Other NY Counties	3,866	6.5%	7,214	6.6%	7,193	6.4%	8,700	6.7%
New Jersey	10,102	17.0%	18,466	17.0%	14,404	12.9%	20,592	15.9%
Hudson County	2,482	4.2%	3,722	3.4%	3,432	3.1%	4,773	3.7%
Bergen County	1,919	3.2%	3,579	3.3%	2,299	2.1%	3,486	2.7%
Other NJ Counties	5,701	9.6%	11,165	10.3%	8,673	7.7%	12,333	9.5%
Other States								
California	3,438	5.8%	7,282	6.7%	7,138	6.4%	7,481	5.8%
Connecticut	2,418	4.1%	3,478	3.2%	4,162	3.7%	4,402	3.4%
Florida	3,488	5.9%	14,162	13.0%	6,879	6.1%	13,630	10.5%
Massachusetts	2,641	4.4%	2,249	2.1%	5,200	4.6%	3,550	2.7%
Pennsylvania	1,738	2.9%	3,405	3.1%	5,479	4.9%	7,584	5.9%
Other US	15,563	26.1%	24,948	22.9%	26,412	23.6%	27,693	21.4%
NYMSA	24,288	40.8%	43,801	40.3%	31,392	28.0%	44,891	34.7%
Foreign, non-military	2,163	3.6%	3,206	2.9%	9,291	8.3%	3,354	2.6%
Foreign, military	213	0.4%	na	na	452	0.4%	384	0.3%
State not identified	6,217	10.4%	7,334	6.7%	8,388	7.5%	8,131	6.3%
Intra-city Moves	64,352	39.4%		37.2%	75,854	40.4%		36.9%

SOURCE: IBO, based on Internal Revenue Service County-to-County Migration Flow Data.
NOTES: Other U.S. includes District of Columbia and Puerto Rico. It also includes moves for which the state is not identified because of the confidentiality requirement of migration of at least 10 returns between counties to be reported. Percentages of total entrants (exits) for intra-city moves are defined as the number of intra-city moves divided by the number of intra-city moves plus the number of entrants (exits) to (from) outside New York City.

city migration among boroughs grew significantly during the late 1990s, but leveled off in recent years.

New York State. From 1989 to 2007, New York State remained the most important source state and the most important destination state for tax filers moving into and out of New York City, but its role diminished over time.

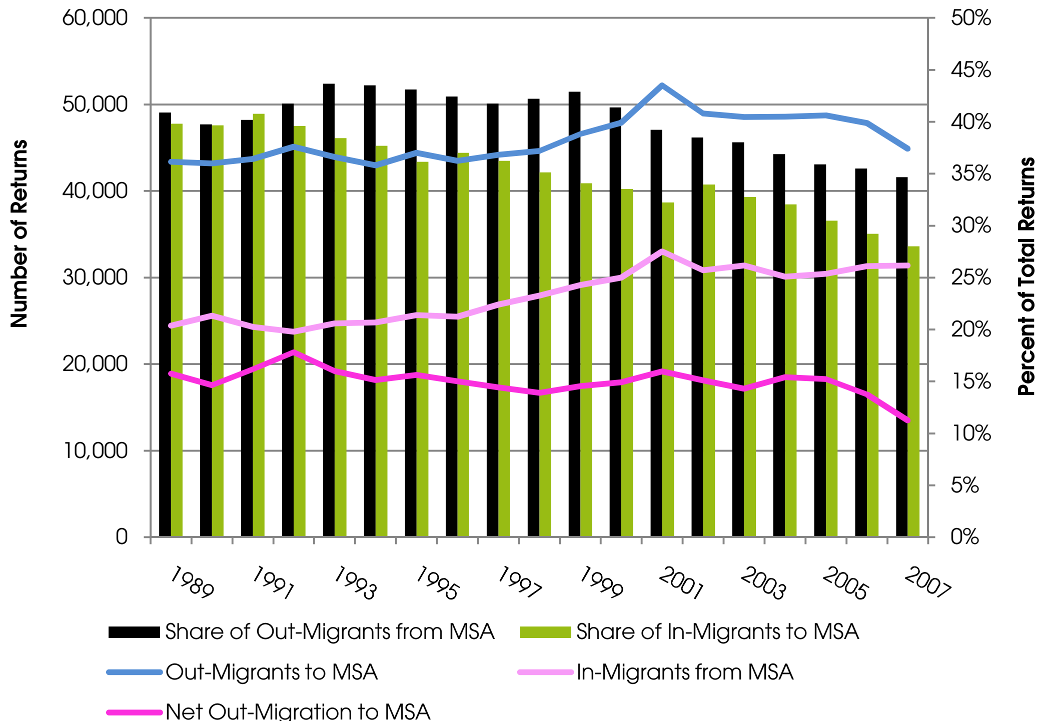
In the early to mid-1990s, about 18,000 to 19,000 new city tax filers came from elsewhere in New York State each year, about 30 percent of all entrants. In 1997 the number climbed above 20,000, and by 2006, it exceeded 24,000. Nonetheless, this in-state migration growth lagged growth in total in-migration. By 2007, New York State sent just 21.6 percent of all incoming tax filers.

During most of the 1990s, about 32,000 tax filers who moved out of the city each year stayed within New York State; they represented 29 percent to 32 percent of total exits annually. The in-state number jumped to 37,000 in 2001 and stayed around 35,000 for the next four years, before turning down. In 2007, 32,700 tax filers—just 25.2 percent of all tax filer exits from the city that year—moved to another county in New York State.

Out-migration to elsewhere in New York State consistently exceeded in-migration from New York State, although the gap dropped sharply at the end of the period studied. Net out-migration to the state averaged 12,400 tax filers through 2005, with a high of 15,400 in 1992 and a low of 10,700 in 1998, and then fell below 8,500 returns in 2007.

Most of the net outflow of tax filers to other parts of the state resulted from moves to and from three New York counties, although these counties' share of moves declined over time.

New York Metropolitan Statistical Area Shares of In-Migrants and Out-Migrants Have Declined



SOURCE: IBO, using the County-to-County Migration Flow Data prepared by the Internal Revenue Service.

In 1991, 14,000 tax filers moved to the city from Nassau, Westchester, and Suffolk counties, and 24,400 of those who left the city moved to these counties. These numbers represented 23.4 percent of the city's incoming filers and 22.4 percent of all outgoing filers that year, sharply greater shares than observed for 2007. In 2007, 15.2 percent of the total entrants (17,000 new tax filers) came from Nassau, Westchester, and Suffolk, while about 18.5 percent of total exits (24,000 departing tax filers) relocated to these same counties. The net outflow to these counties was under 7,000 tax filers in 2007, down from 10,400 in 1991.

New Jersey. New Jersey consistently ranked second as both a source state and a destination state for New York City tax filers. The share of those who moved to New Jersey remained remarkably stable at about 16 percent to 17 percent each year, while the share of new city tax filers from New Jersey declined from 16 percent to 17 percent of in-migrants in the early 1990s to 13 percent to 14 percent in the latest years we observe. The net outflow of tax filers to New Jersey remained positive each year and fluctuated from a high of 9,400 in 2005 to a low of 6,200 in 2007.

Hudson and Bergen counties—the two New Jersey counties closest to Manhattan—accounted for 40.9 percent of the total net out-migration to New Jersey in 2007 (2,500 filers). These counties together received about 8,300 tax filers from New York City that year (6.4 percent of exits from the city), and they sent about 5,700 tax filers (5.1 percent of the city's entrants). Like moves to and from the whole state of New Jersey, these counties' share of the city's in-migrants was down a bit from its 1991 level, while their share of the city's out-migrants was about the same.

The New York Metropolitan Statistical Area (NYMSA). Many of the city's in-migrants and out-migrants moved from and to counties elsewhere within the NYMSA, which includes New York City and the nearby counties discussed above—Nassau, Westchester, and Suffolk counties in New York State and Hudson and Bergen counties in New Jersey. It also includes Rockland and Putman counties in New York State; Middlesex, Essex, Monmouth, Union, Morris, Passaic, Somerset, Ocean, Sussex, and Hunterdon counties in New Jersey; and Pike County in Pennsylvania.

As observed for the nearby counties in New York and New Jersey, the relative importance of the overall NYMSA declined somewhat over time, particularly as a source of in-migrants for the city. Between 1991 and 2007, the percentage of those leaving the city for other parts of the NYMSA fell from 40.3 percent to 34.7 percent, and the percentage of New York City's new tax filers from the NYMSA declined from 40.8 percent to 28.0 percent. Outbound migration to the rest of the NYMSA consistently exceeded inbound migration between 1989 and 2007. Although the net outflow was about 13,500 in 2007, this was unusually low; the net outflow was typically close to the average annual net outflow of 18,000 tax filers during the period studied.

Florida. Not surprisingly, Florida was consistently the third most popular destination state for tax filers leaving New York City, but there were some important changes in the Florida migration story during the period studied.

The number of city tax filers moving to Florida fell during the 1990s, from about 14,200 returns in 1991 to about 10,300 in 1999. But beginning in 2000, the trend turned up, and over

17,800 tax filers moved from New York City to Florida in 2005. New Yorkers appear to have flocked to Florida's booming labor market as New York City's employment grew more slowly. The number of exemptions per return, which had declined from 2.09 in 1989 to 1.93 in 1995 and then stayed around that level for rest of the decade, shot up with the number of returns, reaching 2.05 in 2005—suggesting that more families with children were Florida-bound.[10]

Average adjusted gross income (AGI) per return and average AGI per exemption for Florida-bound tax filers were both consistently lower than the averages for nonmovers and others leaving the city from 2000 on, but a large increase in the relative incomes of the Florida-bound accompanied the large jump in their number in 2005.[11] The ratio of average AGI per return for the Florida-bound versus all exiting filers rose from 0.71 in 2004 to 0.79 in 2005, and the AGI per exemption ratio jumped from 0.66 to 0.74. The ratio of average AGI per return for the Florida-bound versus nonmover tax filers rose from 0.81 in 2004 to 0.92 in 2005, while the AGI per exemption ratio went from 0.80 to 0.90.

In the next two years, as employment opportunities dried up in Florida and the New York City economy improved, these migration trends reversed. In 2007, just 13,600 city tax filers moved to Florida, and the average number of exemptions per return fell to 1.91, its lowest level during the observation period. The exodus to Florida had tapered off and the family share of Florida-bound tax filers from New York appeared to shrink. Although the relative incomes of the Florida-bound dropped in 2006, ratios of their average incomes per return and per exemption to those of all exit filers and nonmovers bounced back up in 2007 as the average incomes of the Florida-bound grew by more than the average incomes of the other groups.

While the number of tax filers moving from Florida to New York City was consistently much smaller than the number moving from the city to Florida, the number of Floridians moving to the city tripled, rising from less than 2,300 in 1989 to about 6,900 new filers in 2007.

Destination counties for tax filers moving to Florida also shifted over time. Declining shares of those destined for Florida moved to Broward County (with Fort Lauderdale and Pompano Beach), Miami-Dade County, and Palm Beach County, while larger shares moved to Orange County (with Orlando) and Hillsborough County (with Tampa).

***Other States and Counties**.* The numbers of city tax filers moving to and from most states other than New York, New Jersey, and Florida also grew between 1991 and 2007, with in-migration increasing faster than out-migration in many cases. In 1991, a total of eight states each sent more than 1,000 tax filers to New York City. In 2007, 15 states, Puerto Rico, and the District of Columbia each sent more than 1,000 tax filers. In the reverse direction, more than 1,000 tax filers moved from New York City to each of 13 states plus Puerto Rico in 1991; in 2007, this was again true for each of 13 states, not Puerto Rico. although the numbers going were much larger for many states.

California and Connecticut each sent thousands of tax filers to New York City in 1991, but each attracted a lot more. By 2007, out-migration from New York City to each of these states was sharply higher, but in-migration had grown by significantly more, and net out-migration to both states was nearly eliminated.

Among states, Pennsylvania's importance as a destination and source of migrants grew most. The number of tax filers moving from New York City to Pennsylvania grew from about 3,400 tax filers (3.1 percent of all exits) in 1991 to nearly 7,600 (5.9 percent of exits) in 2007, the fourth highest number among states. Within Pennsylvania, the number moving to Philadelphia more than doubled and reached 1.4 percent of New York City's exits; the number moving to Monroe County (with the Poconos) also more than doubled, reaching 0.8 percent of city exits. As a source of New York City filers, Pennsylvania's importance also grew—from less than 1,800 tax filers (2.9 percent) in 1991 to almost 5,500 tax filers (4.9 percent) in 2007—passing Connecticut and Massachusetts along the way. In 2007 the net outflow to Pennsylvania was 2,100 returns.

Although Massachusetts' shares of New York City's in-migrants and out-migrants stayed under 5 percent each year during the observation period, significant numbers moved in both directions annually, and it was the only significant source and destination state for which in-migration to the city exceeded out-migration in most years. One explanation could be Massachusetts' large annual production of college graduates and other degree recipients.

***Locations Abroad**.* During the period studied, a growing number of individuals and households filed U.S. tax returns from foreign addresses in the year prior to first filing from New York City addresses. U.S. citizens studying or working abroad (excluding the military, who are counted separately) could have been in this group, for example. In 1991, about 2,200 new tax filers in New York City (3.6 percent of all in-migrants) filed in foreign countries the year before. In 2007 about 9,300 entering tax filers (8.3 percent of all in-migrants) were in this group, which was more than the number from any U.S. state other than New York or New Jersey. Throughout the observation period, those

What Boroughs Did In-Migrants Choose?							
	1990-1991			2006-2007			
	Entrant Returns	Entrant Exemptions	Nonmover Returns	Entrant Returns	Entrant Exemptions	Entrant AGI	Nonmover Returns
Total Entrants to NYC							
Number from outside NYC	59,593	91,591	2,311,439	112,023	159,128	$5,632,513	2,674,179
By Borough:							
Bronx							
Number from outside NYC	5,584	10,056	329,223	12,472	22,655	$356,764	418,119
% of NYC total	9.4%	11.0%	14.2%	11.1%	14.2%	6.3%	15.6%
Brooklyn							
Number from outside NYC	11,102	17,948	677,405	23,774	34,613	$784,743	765,768
% of NYC total	18.6%	19.6%	29.3%	21.2%	21.8%	13.9%	28.6%
Manhattan							
Number from outside NYC	27,524	37,189	516,417	51,204	62,872	$3,596,698	572,853
% of NYC total	46.2%	40.6%	22.3%	45.7%	39.5%	63.9%	21.4%
Queens							
Number from outside NYC	13,188	22,387	659,176	21,978	34,567	$784,541	759,301
% of NYC total	22.1%	24.4%	28.5%	19.6%	21.7%	13.9%	28.4%
Staten Island							
Number from outside NYC	2,195	4,011	129,218	2,595	4,421	$109,767	158,138
% of NYC total	3.7%	4.4%	5.6%	2.3%	2.8%	1.9%	5.9%

SOURCE: IBO, using the County-to-County Migration Flow Data prepared by the Internal Revenue Service.

moving out of the United States remained a much smaller share of tax filers leaving New York City—2 percent to 3 percent of all exits in any single year. Note that this group included all emigrants who filed U.S. federal tax returns after leaving the country.

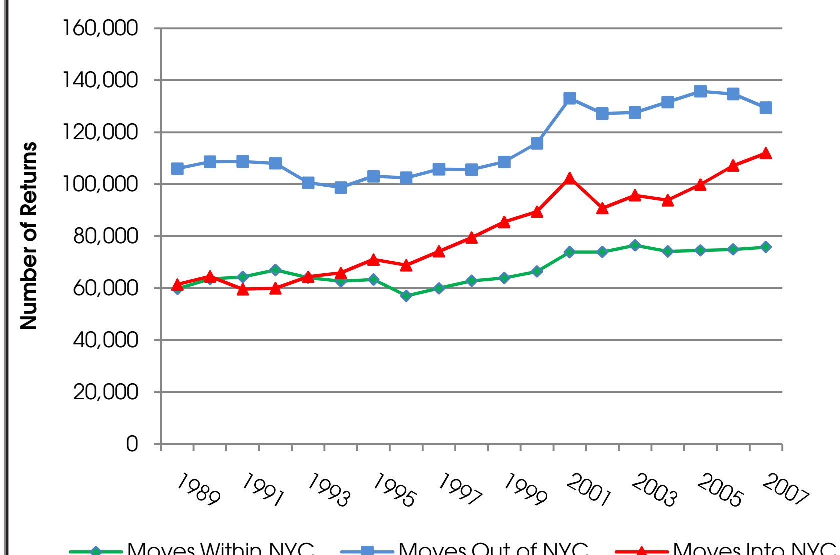
What Boroughs Did In-Migrants Choose? While just one-fifth (21.4 percent) of New York City's nonmover tax filers lived in Manhattan in 2007, nearly half of all in-migrants to the city (45.7) chose Manhattan as their residence that year. Manhattan entrants in 2007 also earned a disproportionate share of the city's in-migrant income in the previous year—63.9 percent of the total—and they were more likely to be single than entrants to other boroughs, according to exemptions per return. For all other boroughs, shares of in-migrants and shares of in-migrant AGI were a bit smaller than nonmover shares.

A comparison of data for 1991 and 2007 finds large increases in tax filer migration into all boroughs, but no significant change in the distributions of returns and exemptions between these years. (AGI data are not available for 1991.)

MOVING BETWEEN THE BOROUGHS

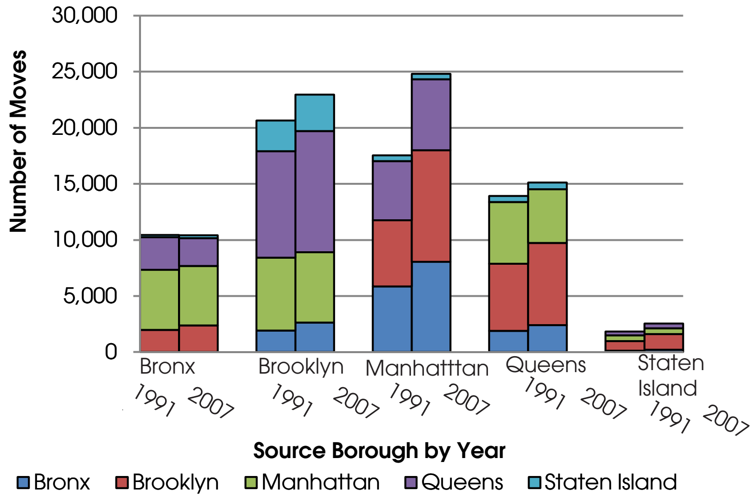
In addition to moves in and out of New York City, thousands of tax filers moved between boroughs within the city each year. These intra-city moves followed a pattern very similar to out-migration of tax filers through about 2001—with the number coming down in the early 1990s, then trending upward starting in the mid-1990s, and tapering off after 2001. Between 2001 and 2007, intra-city migration changed very little, while in-migration and out-migration declined sharply in 2002 and then either fluctuated (out-migration) or rose (in-migration).

Moves Within the City Leveled Off After Growth in Late 1990s



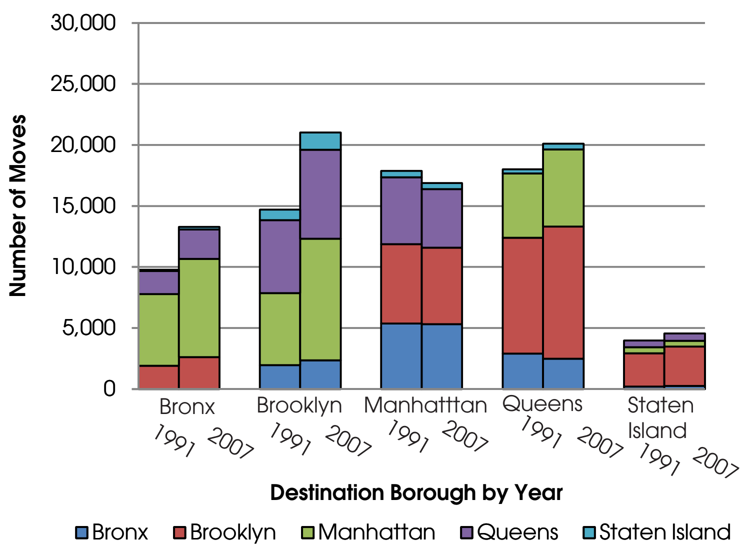
SOURCE: IBO, using the County-to-County Migration Flow Data prepared by the Internal Revenue Service.

Manhattan Becomes Largest Source Of Intra-City Movers



SOURCE: IBO, based on Internal Revenue Service, County-to-County Migration Flow Data.

Brooklyn Becomes Most Popular Destination For Intra-City Movers



SOURCE: IBO, based on Internal Revenue Service, County-to-County Migration Flow Data.

Not surprisingly, the intra-city share of newcomers varied widely among boroughs.[12] While just 24.8 percent of new Manhattan tax filers came from other boroughs in 2007, 63.7 percent of new Staten Island tax filers moved from elsewhere in the city that year. For Brooklyn, Queens, and the Bronx, about half of new filers came from other boroughs. Among tax filers leaving the city's boroughs in 2007, New Yorkers moving out of Manhattan and Brooklyn were more likely to stay within the city than those moving out of the other boroughs. Intra-city movers represented significantly smaller shares of entrants to all boroughs except Staten Island in 2007, as compared to 1991. For exits from the Bronx, the intra-city share also dropped a lot between 1991 and 2007; for Manhattan exits, the intra-city share rose slightly. Changes for other boroughs were minor.

Migration choices between boroughs also showed some interesting changes over time. One striking change between 1991 and 2007 was the increased popularity of Brooklyn as a destination for those moving from other boroughs. In 2007, 40.1 percent of tax filers leaving Manhattan for other boroughs chose Brooklyn, up from 33.6 percent in 1991, and 48.4 percent of Queens intra-city movers also chose Brooklyn, up from 42.9 percent in 1991. The total number of intra-city moves to Brooklyn rose by 42.9 percent, as compared to a 17.9 percent increase in the total number of intra-city moves. Intra-city moves to the Bronx also increased sharply, from about 9,800 to 13,30—a 35.9 percent increase. The number of moves from Manhattan to the Bronx alone increased by nearly 2,200 between 1991 and 2007. On the other hand, Manhattan became less popular for intra-city movers. Although the number of intra-city movers rose over the period, fewer movers from every borough chose Manhattan in 2007, as compared to 1991.

The largest intra-city flows in both 1991 and 2007 were from Brooklyn to Queens (about 9,500 moves in 1991 and 10,800 moves in 2007). Overall, the data suggest that New Yorkers were most likely to move from Brooklyn to Queens or from Manhattan to Brooklyn in 2007—perhaps in a search for more space at a better price.

A STEADY FLOW OF MOVERS

Since the early 1990s, migration of tax filers *into* and *out of* New York City has grown almost steadily. Although out-migration exceeded in-migration every year between 1989 and 2007, net out-migration declined in most years because of greater movement into the city. While the IRS data provides limited details about the migrants to and from the city, we do find that evidence that households leaving earned more, on average, than those arriving, although the difference in household earnings has diminished slightly in recent years. Nearby locations remain the sources and destinations for most tax filers moving to and from New York City, but more distant locales have become more frequent. Tax filer moves between boroughs inside the city also increased from the mid-1990s to 2003, but have leveled off since.

This report prepared by Theresa J. Devine.

APPENDIX

Descriptions and Definitions of the Data. IBO used the *County-to-County Migration Flow Data* prepared by the Internal Revenue Service from individual tax returns. To be included in the IRS sample, a tax filer (individual, couple, or household) must file federal tax returns in two consecutive years, and the IRS identifies movers by comparing filing addresses across years. Within the United States, only moves that cross county lines are counted. Filers who move to or from foreign countries are also identified if they file tax returns for two consecutive years. These might be people who relocate abroad for work or study, for example. Based on these individual records, the IRS produces summarized data for each county.

For each of the five counties of New York City, we observe the following aggregated data for each county migrants come from (source county), and for each county they migrated to (destination county):

- total number of returns (1989–2007)
- total number of personal exemptions claimed for tax purposes (1989–2007), and
- aggregate money income (1992–1993 to 1995–1996) or aggregate adjusted gross income (AGI, for 1996–1997 to 2006–2007)

So, for example, we observe the total number of returns, total number of exemptions, and total income for all tax filers who moved to the Bronx from Bergen County (New Jersey) between 2006 and 2007, and the same information for tax filers who moved from the Bronx to Bergen County. Median income is also reported by county through 2005, not for New York City.[13] For each two-year file, the reported income and exemption data pertain to the first year. When we refer to 2007 entrants or exits, we mean those who moved into or out of New York City between 2006 and 2007.

The main attraction of the IRS data is their availability for two decades. While data from the American Community Survey (ACS) provide direct responses to migration questions and more income and demographic information, the ACS data are currently available for just three years (2005 to 2007). Changes over the decades cannot be measured.

These IRS data have some limitations. The content, coding, and formats of the data files vary during the observation period, and the data documentation is incomplete. Longitudinal analysis is therefore somewhat challenging. The two-year requirement for inclusion in the file means that we miss some groups entirely: workers in their first year of employment, workers returning after breaks of more than a year, tax filers who die, first-time joint filers, first-time individual filers, immigrants, and emigrants who do not file tax returns after they move abroad. Thus, we do not measure international immigration directly here. A new household from abroad is first counted when they file a U.S. tax return for the second time; their initial entry is not counted as an entry. Based on state tax return data for New York City, IBO estimates that about 10 percent of New York City tax filers are not counted in the IRS County-to-County files. In our analysis here, we do not adjust for these missing cases. When we refer to tax filers, we are referring only to those who satisfy the two-year filing requirement.

A change in the type of income reported also complicates longitudinal analysis. For 1989 to 1992, we have no income data. For the files 1992–1993 to 1995–1996, we observe total money income, or TMI, a Census Bureau concept; for the years 1996–1997 to 2006–2007, we observe adjusted gross income, an IRS measure taken directly from the 1040 tax return form. AGI is the sum of a tax filer's income from taxable sources before deductions and exemptions are taken. We work only with the AGI data for 1996–1997 to 2006–2007.[14] Note that income is reported for the first of two years in a file. Thus, 2006 income is reported in the 2006–2007 file for those who left New York City between 2006 and 2007 and those moved into New York City between 2006 and 2007. Note that the location where income is earned is not known for sure; moves take place between federal tax filing dates and income may be earned in the old location, new location, both, or elsewhere. Also, the IRS does not report a second year's income separately for movers. For example, a tax filer's income for the year 2007 will be reported in the 2007–2008 file according to their filing addresses in 2007 and 2008.

Finally, for confidentiality, the IRS does not separately report county-to-county cells with fewer than 10 returns for the years 1990–1991 to 2006–2007, and fewer than 50 returns for earlier years. These smaller county-to-county moves are aggregated to the same state or major region level. For example, we observe the total number of tax filer moves to the Bronx from all New York State counties with fewer than 10 tax filer moves to the Bronx, and we observe the total number of tax filer moves to the Bronx from all counties in the West with fewer than 10 tax filer moves to the Bronx. This means that our counts of moves between states may be slightly off, but we do not think our conclusions are affected. Because of this data constraint, we focus on 1990–1991 and 2006–2007 (which both use the 10 return threshold for reporting) when comparing state and county flows of tax filers.

ENDNOTES

[1]To be included in the IRS migration files, a tax filer must file U.S. tax returns in two consecutive years, so new immigrants from abroad are not counted as entrants when they enter the city. When we refer to 2007 entrants or exits, we mean those who moved into or out of New York City between their 2006 and 2007 federal income tax filing dates. When we discuss income and exemptions for 2007, they are the 2006 values reported in the return filed in 2007. These rules apply to all years.

[2]In 2007, there were 75,854 tax filer moves across boroughs (which are also counties) within the city. These intra-city moves are not counted as moves into or out of the city here and are discussed separately below.

[3]To calculate the in-migrant share of the total number of tax filers, the numerator is the number of incoming tax filers in the second year of a file (for example, 2007 in the 2006–2007 file). The denominator is the number of non-migrant tax filers, which is the same for the first and second years in the same file, plus the number of incoming tax filers for the second year.

[4]For the outgoing share, the numerator is the number of out-migrants between the first and second years of a file and the denominator is the sum of the number of non-migrants and the number of out-migrants between the first and second years of the file.

[5]Employment here refers to payroll employment, which is a count of the number of paid jobs, reported by the New York State Department of Labor and the U.S. Bureau of Labor Statistics.

[6]Tax filers get one automatic exemption if single, two if married filing jointly, and additional exemptions for dependents. In the IRS data, we do not observe additional information about joint filing or dependents; we just observe number of returns and number of exemptions for a particular group (for example, movers from Queens to Nassau between 2006 and 2007).

[7]The group called non-movers here includes tax filers who moved across county lines inside the city.

[8]Our discussion of income focuses on adjusted gross income, adjusted for inflation using the Consumer Price Index, with IBO's forecast for 2009. All amounts are in 2009 dollars. See the Appendix for a detailed description of the income data available in the IRS files. Note that the relative earnings patterns discussed in the text are not affected by the choice of nominal versus real (i.e., inflation-adjusted) AGI.

[9]We compare 2006–2007 to 1990–1991 because sources and destinations are not reported for moves between counties that involve fewer than 50 returns in 1988–1989 and 1989–1990. In all years, moves within state are identified, but moves out of state are aggregated to the four major regions of the United States. In 1990–1991 and subsequent years, county-to-county moves that involve at least 10 returns are identified. For outgoing tax filers in 1990-1991, military out-migrants are not reported separately. In all other years, a very small share of destinations for outgoing New York City tax filers (less than 1 percent) are foreign military destinations, so conclusions would almost certainly be unaffected by the number of moves to military destinations.

[10]This high level of migration to Florida in 2005 was identified by the Office of the New York City Comptroller in its 2007 study "New York's Delicate Migration Balance," *Economic Notes*, Volume XV, No. 3, September 2007.

[11]Note that these are the Florida-bound filers' incomes in New York City in the year before their moves are recorded. We cannot identify the movers' Florida incomes after they arrive.

[12]The intra-city share of a borough's entrants equals the number of new tax filers in the borough who moved from another borough divided by the sum of the numerator and the number of in-migrants to the borough from outside New York City.

[13]The median is reported for the five individual counties that make up New York City. Calculation of the citywide median requires information about the income distribution of all city tax filers.

[14]The two income concepts differ as follows: adjusted gross income excludes tax exempt interest income, nontaxable pensions and annuities, and the non-taxable portion of Social Security; total money income excludes taxable state and local refunds, capital and other gains, IRAs, moving expenses, half the self employment tax, self employment health insurance, Keough contributions, early withdrawal penalties, and alimony.