**Newly-released Internal Revenue Service data make it possible to track households moving into and out of each state. Households' adjusted gross incomes are reported, and beginning with calendar year 2011, the IRS has made available demographic information about the households that move into and out of a state. This IRS database is a powerful tool that allows us to analyze Minnesota's competitiveness with other states, measured by the most significant metric: the willingness of people to move into, and out of, our state.**

**Analysis of IRS data yields conclusions that bear directly on Minnesota's public policies, especially its tax policies**:

**Between 2013 and 2014, Minnesota lost nearly $1 billion in net household income to other states.** Minnesota's 2014 net loss of $944 million represented a sharp increase over prior years. Just three years ago, the state's net loss of adjusted gross income was $490 million.

**Between 1992 and 2014, Minnesota lost a cumulative net total of $7.6 billion in household income to other states.** The average net annual loss over that period was $346 million in 2014 dollars.

**With few exceptions, Minnesota loses taxpaying families to lower-tax states.** Of the ten states to which Minnesota loses the most income, eight are ranked among the top half of states with the lightest tax burdens, while seven of ten states from which Minnesota gains income are in the bottom half of the rankings. Notably, five of the top ten states to which Minnesota loses income impose no income tax.

**Most of the taxpayers who leave Minnesota for lower-tax states are in their prime earning years.** One might think that most high-earning families who leave Minnesota are retirees moving to Florida or Arizona, but this is not the case. Working-age people between 35 and 54 account for nearly 40 percent of Minnesota's net loss of tax filers for the 2013-2014 period. People between 55 and 64, most of whom are still in the workforce, account for another 23 percent. As for the loss in household income, the IRS data show that 34 percent ($343 million) of the net loss in adjusted gross income is from people between 35 and 54. Another 30 percent ($298 million) of the net loss comes from people aged 55 to 64.

**Minnesota loses high-earning families at a much higher rate than other states.** Minnesota's net migration rate is particularly bad for one category of residents: families earning more than $200,000. Relative to other states, Minnesota is losing these taxpayers and their incomes—not to mention their other contributions to our state—at an alarming rate. Minnesota's net migration rate for these high earners between 2013 and 2014 was -1.45 percent, ranking behind 46 states and ahead of only New Jersey, Illinois, Vermont and the District of Columbia.

**The exodus of citizens from Minnesota accelerated after the legislature's 2013 tax increases.** The IRS data show a substantial increase in Minnesota's loss of taxpaying households immediately after the legislature and Governor Mark Dayton enacted a large income tax increase in 2013. The following year, Minnesota's net loss of adjusted gross income leaped from $697 million (2012-2013) to $944 million (2013-2014). The nearly $1 billion loss sustained in 2014 is well above anything previously recorded. It dropped Minnesota's rank among the states, with respect to gain or loss of top income earners, from 37th to 47th.