



Written by [Warren Mass](#) on April 30, 2018

Economists Predict 800,000 People Will Leave New York and California Because of High Taxes

Economists Arthur Laffer and Stephen Moore are predicting a mass exodus of affluent individuals from New York and California. In an April 24 op-ed in the *Wall Street Journal* headlined “So Long, California. Sayonara, New York,” they attributed the motivation for this outflow of wealth from these two large states to the appropriations bill signed into law by President Trump on March 23, which, by eliminating or reducing some federal tax deductions, had the effect of making it more expensive to live in high-tax states such as New York and California.



Laffer and Moore say the new tax bill will cause a net 800,000 people to move out of California and New York over the next three years. They also predict that Connecticut, New Jersey, and Minnesota will lose a combined 500,000 people over the same period.

Among the changes in the new tax law, reported *Newsmax* on April 23, are that taxpayers will be allowed to deduct only up to \$10,000 in state and local income taxes.

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“In years to come, millions of people, thousands of businesses and tens of billions of dollars of net income will flee high-tax blue states for low-tax red states,” wrote Laffer and Moore.

The *Journal* report focused exclusively on high-income people leaving New York and California because of the combined effect of the new tax bill with the states’ taxes. It did not address the thousands of middle-income people who have left those states even before the new tax bill was passed, owing to the burdens created by state taxes alone. These taxes have not only made the cost of living in these states very high, but also motivated businesses to leave, taking jobs with them.

While Laffer and Moore concentrated on the effects of high taxes on the rich, the most significant impact of high taxes has always been on the middle class, who have always paid most of the taxes, simply because there are many more middle-class people than there are rich people.

High taxes and regulations also have prompted businesses to leave states such as California, taking thousands of middle-class jobs with them, a trend that was noted in an article in *The New American* back in 2012. The report quoted economist Mark Perry, who wrote:

The American people and businesses are voting with their feet and their one-way truck rentals to escape California and its forced unionism, high taxes, and high unemployment rate for a better life in low-tax, business-friendly, right-to-work states like Texas.

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