

## Available Data Do Not Support Claims That High-Income Californians Are Leaving the State

**California taxpayers who stay in the state have considerably higher average adjusted gross incomes (AGI) than those who leave.** For more than a decade, the average AGI of taxpayers who stay in California has been substantially higher than that of taxpayers who leave California for other states. Moreover, the gap between the average AGI of taxpayers who stay and those who leave has widened each year since the late 1990s. For example, the average AGI of California taxpayers who remained in the state in both 2006 and 2007 was \$67,722 – approximately \$11,800 (21.1 percent) more than that of California taxpayers who moved to another state during that two-year period. In contrast, the gap between the average AGI of taxpayers who stayed in California and those who moved between 1998 and 1999 was approximately \$7,200.

### California Taxpayers Who Stay in the State Have Considerably Higher Average Adjusted Gross Incomes Than Those Who Leave

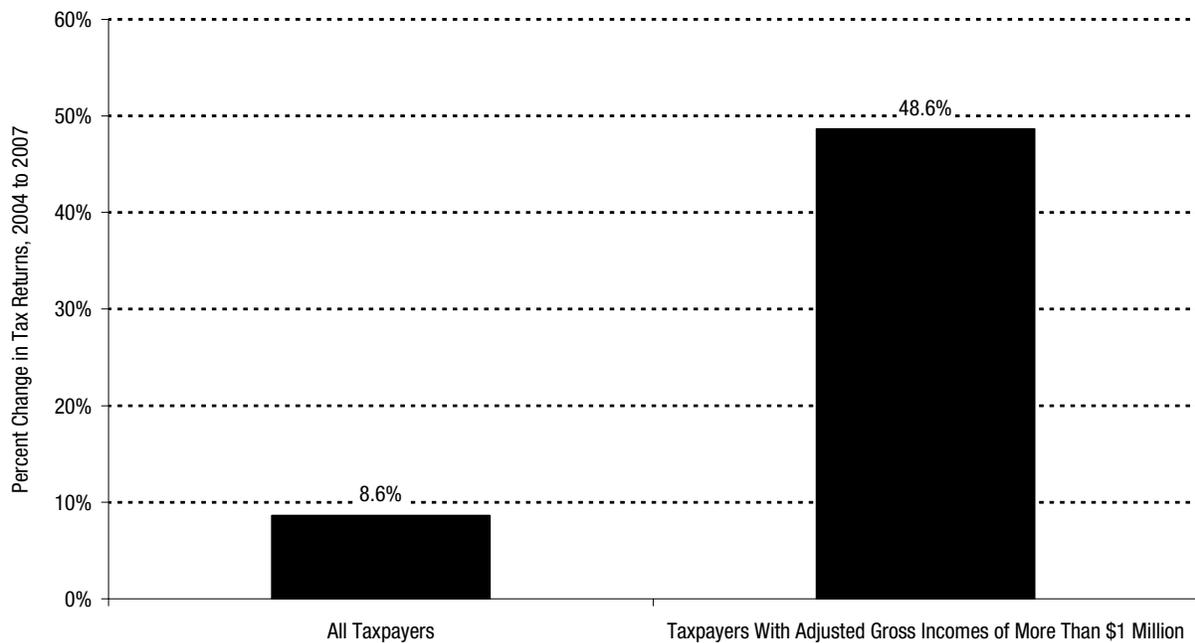


Note: Years reflect two-year periods in which tax returns were filed.  
Excludes migrants to or from another country.  
Source: CBP analysis of Internal Revenue Service data

These data, published by the US Census Bureau based on Internal Revenue Service data, use the addresses listed on federal income tax returns to track the migration patterns of personal income taxpayers. The data include tax returns that can be matched over two-year periods by primary tax filers' social security numbers and these data provide both the total number of and the aggregate AGI for taxpayers who moved to or from California or who remained in the state. The CBP divided the aggregate AGI for each group by the number of taxpayers in each group to derive each group's average AGI. Between 2006 and 2007, 207,960 taxpayers moved from other states to California, 276,414 taxpayers moved to California from other states, and 11,906,514 taxpayers remained in California in both years.

**The number of millionaire taxpayers increased significantly after voters approved Proposition 63, which established an additional 1 percent surcharge on taxable personal income above \$1 million.** Data on the number of high-income California taxpayers also discredits claims that the wealthy are leaving the state. After Proposition 63 took effect on January 1, 2005, the number of California's millionaire taxpayers – those with AGIs of more than \$1 million – increased considerably more than the total number of taxpayers. Between 2004 and 2007, the number of millionaire taxpayers rose by 48.6 percent, from approximately 37,000 to 55,000, compared to an 8.6 percent increase in the total number of personal income taxpayers.

The Number of Millionaire Taxpayers Increased Significantly  
After the Imposition of Proposition 63's Surcharge



Source: Franchise Tax Board