Resources

Corporate Taxes and State Economic Growth

Peter Fisher. Iowa Fiscal Partnership, April 2013.

"Business tax breaks are an expensive and inefficient way to attempt to stimulate a state economy. Because of the small effect of tax breaks on business costs, and the much larger importance of other production costs and location considerations, tax breaks will have little if any positive effect on private sector employment.... Furthermore, the private sector employment effects of such tax cuts could be reduced or even eliminated by a long-term deterioration in the quality of public services, which themselves have been shown to be important to businesses making location decisions, and which provide an important part of the foundation for the state economy."
http://www.iowafiscal.org/corporate-taxes-and-state-economic-growth/

Cutting State Corporate Income Taxes is Unlikely to Create More Jobs

Michael Mazerov. Center on Budget and Policy Priorities, Sept. 14, 2010.

"While proposing corporate tax cuts is an easy and perhaps politically attractive thing to do at a time when citizens are looking to elected officials to jump-start the economy and create jobs, these proposals represent a distraction rather than a solution. Policymakers should continue to focus on providing core public services like education and infrastructure in as cost-effective a manner as possible.... Supporting the market with appropriate public investments will be more likely to lead to long-term prosperity than will enacting small changes in economic incentives via risky corporate tax cuts."
http://www.cbpp.org/cms/index.cfm?fa=view&id=3290

Cutting State Personal Income Taxes Won't Help Small Businesses Create Jobs and May Harm State Economies

Michael Mazerov. Center on Budget and Policy Priorities, February 19, 2013.

"Most small business owners are not significant "job creators" and have no plans to be.... Small businesses hire employees based on product demand, not tax levels.... Careful economic studies issued by organizations across the political spectrum show that there is just no relationship between state personal income tax levels and the decisions of people in a state to start a business and of would-be entrepreneurs to move to the state."

http://www.cbpp.org/research/cutting-state-personal-income-taxes-wont-help-small-businesses-create-jobs-and-may-harm

Repealing Estate Tax Will Not Create an Economic Boom

Institute on Taxation and Economic Policy. Washington, D.C., April, 2012.

"A recent report by Arthur Laffer and Wayne Winegarden claims that a single policy choice made by Tennessee lawmakers—the choice not to repeal the state's estate tax a decade ago—is singlehandedly responsible for the divergence in economic and job growth between Tennessee and other non-income tax states. But nothing even resembling a compelling case is made in support of this claim."

http://www.itep.org/pdf/lafferestate0412.pdf

The Impact of Taxes on Migration in New England

Jeffrey Thompson. Political Economy Research Institute, April 2011.

"The available evidence … suggests that the impact of taxes on cross-state migration decisions is weak. There are many reasons households do not flee from a state when taxes are increased, including the fact that they value the public services financed by taxes, the cost of relocating to a different state (both financially and psychologically) is quite high, and the potential gains from moving are often small."
http://www.peri.umass.edu/fileadmin/pdf/published_study/Migration_PERI_April13.pdf

Tax Flight is a Myth: Higher State Taxes Bring More Revenue, Not More Migration

Robert Tannenwald, Jon Shure, and Nicholas Johnson. Center on Budget and Policy Priorities, August 4, 2011.

"Attacks on sorely-needed increases in state tax revenues often include the unproven claim that tax hikes will drive large numbers of households — particularly the most affluent — to other states.
The same claim also is used to justify new tax cuts. Compelling evidence shows that this claim is false. The effects of tax increases on migration are, at most, small — so small that states that raise income taxes on the most affluent households can be assured of a substantial net gain in revenue."
http://www.cbpp.org/files/8-4-11sfp.pdf

No Country for Old Men (or Women) – Do State Tax Policies Drive Away the Elderly?

Karen Conway and Jonathan Rork, *National Tax Journal*, vol. 65, no. 2, June 2012.

“Our research investigates whether little examined, yet much debated, elderly income tax breaks — such as exemptions for retirement income — have an effect on elderly interstate migration behavior…. The results from all analyses overwhelmingly find no credible effect of state income tax breaks on elderly migration.”