



FACT SHEET

National Institute for Labor Relations Research

5211 Port Royal Road, Suite 510 • Springfield, VA 22151 • Phone: (703) 321-9606 • Fax: (703) 321-7342 • research@nilrr.org • www.nilrr.org

November 20, 2009

Tax-Paying Families Are Fleeing Forced-Unionism States

Since 2000, a Net Total of 1.63 Million Federal Tax Filers Have Escaped to Right to Work States

Early this year, economist Mark Perry posted a table (which had originally appeared in the *National Right to Work Newsletter*) on his heavily trafficked *Carpe Diem* blog showing that the eight states enjoying the greatest net in-migration of people from other states between 2000-2008 all have Right to Work laws. The table also showed that, of the eight states suffering the worst out-migration, only Katrina-ravaged Louisiana has such a law.¹

Right to Work laws protect employees from federal policies authorizing the termination of workers for refusal to pay dues or fees to an unwanted union. To most *Carpe Diem* readers, the table undoubtedly furnished compelling evidence that the 22 Right to Work states as a group offer a far better climate for jobs and businesses than do the 28 states that do not protect employees from forced unionism.

However, additional data collected by the federal government make the case for Right to Work's economic benefits even more compelling.

Specifically, the IRS tracks and makes available data that enable researchers to calculate how much income, on average, personal income tax filers who move to a Right to Work state take in the first year after they move.

From 2007 to 2008 Alone, a Net Total of 185,000 Federal Tax Filers Moved Out of Forced-Dues States

The IRS's Statistical Information Service (SIS) records the number of personal income tax filers who move (typically with their dependents) across state lines, based on year-to-year changes shown on individual tax returns. The SIS data are arranged according to the year taxes are filed. And, as taxpayers know, one typically files a personal income tax form on income earned the previous year.

¹ "Exodus From Forced-Unionism States Continues," January 13, 2009.
(continued on page 2)

State-by-state taxpayer-migration data, sorted by tax filing year, are currently available from the SIS and have been for some time. This fact sheet reviews data for the Tax Filing Years 2001-2008.

Data for the Tax Filing Year 2008 show that a total of 1.523 million personal income tax filers were residing that year in a Right to Work state after residing somewhere else in the 50 states or the District of Columbia the previous year. Meanwhile, a total of 1.338 million tax filers were residing in a Right to Work state in 2007, but filed from one of the other 49 states or the District of Columbia in 2008.

That means a net total of 185,000 tax filers moved from a forced-unionism state to a Right to Work state between 2007 and 2008.

The SIS also calculates and makes available to the public the aggregate adjusted gross incomes for migrating households in the year immediately following the move. Personal income tax filers moving to a Right to Work state between 2007 and 2008 reported a total of \$76.432 billion in income in 2008, or roughly \$50,190 per filer. Tax filers moving out of a Right to Work state during the same period reported a total of \$61.773 billion in income in 2008, or roughly \$46,165 per filer.

Both because of their substantial taxpayer losses due to net domestic out-migration, and because the taxpayers they gained earned significantly less per capita in 2008 than did the taxpayers they lost, forced-dues states lost a total of \$14.659 billion in adjusted gross 2008 income in a single year.

Forced-Unionism States' Income Losses Are Recurring and Compounding

And while SIS data do not convey how much taxpayers who flee forced-unionism states earn any later than the first year after they depart, forced-unionism states' losses in income due to domestic out-migration are clearly recurring and compounding, year after year.

For example, data for the Tax Filing Year 2007 show that a total of 1.530 million personal income tax filers were residing in a Right to Work state after residing somewhere else in the 50 states or in the District of Columbia the previous year. Meanwhile, a total of 1.286 million tax filers were residing in a Right to Work state in 2006, but filed from one of the other 49 states or the District of Columbia in 2007.

And just like in the Tax Filing Year 2008, the average taxpayer moving to a Right to Work state from 2006 to 2007 reported an adjusted gross income more than \$4000 higher than did the average taxpayer moving out of a Right to Work state over the same period. Overall, forced-dues states lost a total of \$18.268 billion (in 2008 dollars) in income from 2006 to 2007 due to domestic out-migration.

Over the last eight years for which data are available (Tax Filing Years 2001 through 2008), the entire period examined by the National Institute for Labor Relations Research, a net total of just over 1.63 million tax filers moved from a forced-unionism state to a Right to Work state. The annual net out-migration of tax filers ranged from 125,000 in the Tax Filing Year 2001 to 270,000 in the Tax Filing Year 2005.

Moreover, in every tax filing year examined, the average income of a tax filer moving to a Right to Work state was at least \$3000 higher (in 2008 dollars) than the average income of a tax filer leaving a Right to Work state.

Counting just the income lost by forced-unionism states in the first year after each tax filer moved to a Right to Work state, forced-unionism states lost a net total of \$124.3 billion (in constant 2008 dollars) due to domestic out-migration over this eight-year period. The actual total net loss, including income reported by tax filers in all years subsequent to their migration, is very likely at least four times higher, but cannot be calculated with available data.

**Right to Work Laws
Help Employees Hold
Union Bosses Accountable**

Right to Work laws protect the freedom of both private- and public-sector employees to keep and hold a job without forking over dues or fees to a union that is recognized as their “exclusive” (actually, monopoly) bargaining agent.

Unless they are protected by a state Right to Work law, independent-minded employees have little or no power to hold union bosses accountable by withholding their financial support. And when employees have no personal freedom of choice, union bosses have little incentive to tone down their class warfare. Employees are consequently far less likely to reach their full productive potential and reap the accompanying benefits.

That’s a key reason why not just taxpayer migration data furnished by the IRS Statistical Information Service, but virtually all other economic indicators, show that forced unionism hurts everyone except union officials.

###

Nothing here is to be construed as an attempt to aid or hinder the passage of any bill before Congress or any state legislature.