

2023 Domestic Migration Data

Migration Slowdown: Arizona Captures a Large Share of a Shrinking Pie.

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Introduction

Arizona continues to be a top destination for movers in the U.S. According to the most recently released state-to-state migration figures from the American Community Survey (ACS), Arizona ranked 5th in net domestic migration last year, which considers people both moving to and moving from the state.ⁱ Over 62,500 people moved to Arizona from other states in 2023. While Arizona continues to perform well relative to other states, migration is down significantly from recent years.

Domestic migration levels indicate the attractiveness of the state, including economic opportunity. It can also serve as a signal of current and future economic momentum; as economies grow and opportunities in the local area multiply, states tend to “pull” in residents from other states where opportunities may be stagnant, or even declining.

Key findings

- Arizona had the 5th highest net domestic migration in 2023, attracting 62,533 more new residents to the state than left. Other low-tax, low-regulation states like Texas and Florida continued their trend of high net-migration year-over-year, while high-tax-high-regulation states like California, New York, and Illinois continued to lose more residents than they gained.
- California continues to be the primary contributor of new residents to Arizona. 20% of all new movers to Arizona come from California, and over half of net migration is attributable to that state (inflow minus outflow).
- Income data shows that new residents in Arizona have higher incomes on average than both current residents and those who leave the state. On average, taxpayers leaving the state earn 9% less than those who remain, while new entrants earn on average 6.4% more. In contrast, taxpayers moving to California earn 10% less than current residents, while those leaving earn 5.9% more.

Arizona Population and Migration Trends

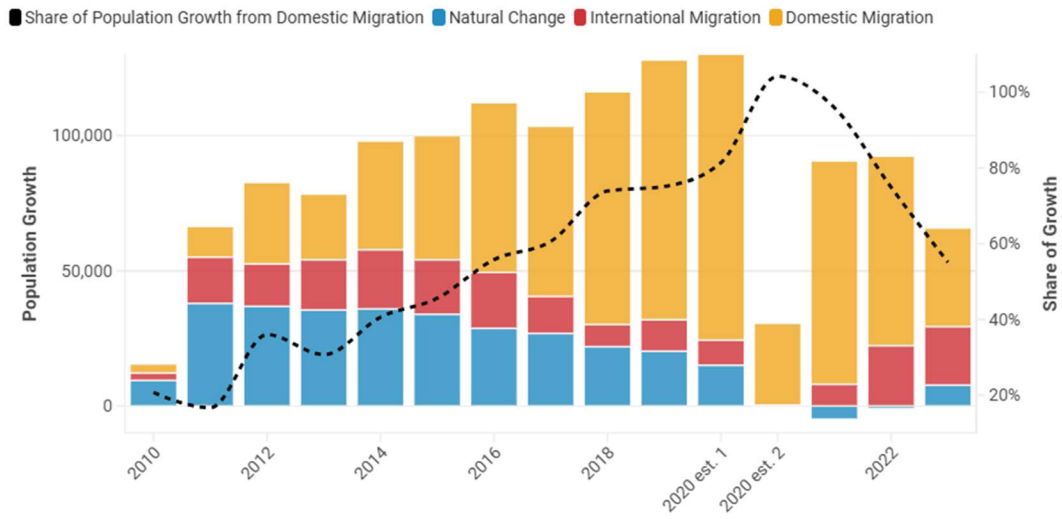
On October 17th, 2024, the U.S. Census Bureau released its latest estimates of state-to-state migration based on the 2023 ACS 1-year survey. This newly released data shows that while migration to Arizona and elsewhere has fallen compared to recent years, the Grand Canyon state remains a top destination for domestic movers.

Arizona’s population grew by 1,024,002 persons (+16%) between 2010 and 2023 – the 8th fastest growth by all 50 states and Washington DC – and over two-thirds of that growth was attributable to people moving to Arizona from other states. Although the share of population growth from domestic migration has fallen since 2020, it remains above 50%.

According to the most recent data for 2023, Arizona ranked 5th in total net migration by bringing in 62,533 more residents on net. California on the other hand had the lowest net domestic migration, losing over 268,000 residents. In comparison, Texas – the top state in terms of net migration – brought in 133,372 more new residents on net.

Arizona Population Gain by Component

Domestic migration as a share of the state's overall population gains has fallen since 2020 - likely in part due to disruptions from the COVID-19 pandemic - but remains near 2016-2017 levels.



Source: U.S. Census Bureau • CSI included two estimates for 2020. Est. 1 is from the 2010-2020 Census State Population Totals (2020 Vintage), and Est. 2 is from the most recent 2020-2023 Census State Population Totals (2023 Vintage). The two estimates differ based on the availability of data between the two vintages. CSI included both estimates for transparency.

Figure 1

Top 5 and Bottom 5 States for Domestic Migration

Rank	In Migration	Out Migration	Net Domestic Migration
1st	Florida	California	Texas
2nd	Texas	Florida	Florida
3rd	California	New York	North Carolina
4th	North Carolina	Texas	South Carolina
5th	Georgia	Illinois	Arizona
47th	Rhode Island	Delaware	Massachusetts
48th	Alaska	Maine	New Jersey
49th	South Dakota	Wyoming	Illinois
50th	Vermont	North Dakota	New York
51st	Wyoming	Vermont	California

Source: U.S. Census Bureau, 2023 American Community Survey

Figure 2

Although domestic migration fell overall in 2023, the trend of where people are moving to and from remained intact, with people overwhelmingly moving to high-growth, low-tax states, and away from high-regulation, high-tax states. States like Texas and Florida continue to attract many more new residents than they give up each year, while states like Illinois, New York, and California continue to lose many more than they bring in. **For example, the top five states for net domestic migration in 2023 had an average top income tax rate of 2.75% (or 4.58% if you exclude Texas and Florida which do not have an income tax), while the top rate in the five bottom states averaged 9.78%.**ⁱⁱ Similarly, four of the five bottom states in terms of net domestic migration— California, New York, New Jersey, and Illinois – rank in the top 5 for total regulatory restrictions in 2023 (Texas ranked 5th in most regulatory restrictions).ⁱⁱⁱ

Where are Arizonans Moving to and from?

Migration into Arizona continues to be dominated by people moving out of neighboring California. An estimated 54,222 individuals move from California to Arizona in 2023, which accounted for over 1/5th of all the movers into Arizona in that year. Although California also took in the largest share of movers out of Arizona, after factoring those who left Arizona for neighboring California the net migration figures from California dominated those from any other state. **In net terms, California accounted for over 53% of all domestic migration to Arizona.** In all, Arizona gained more

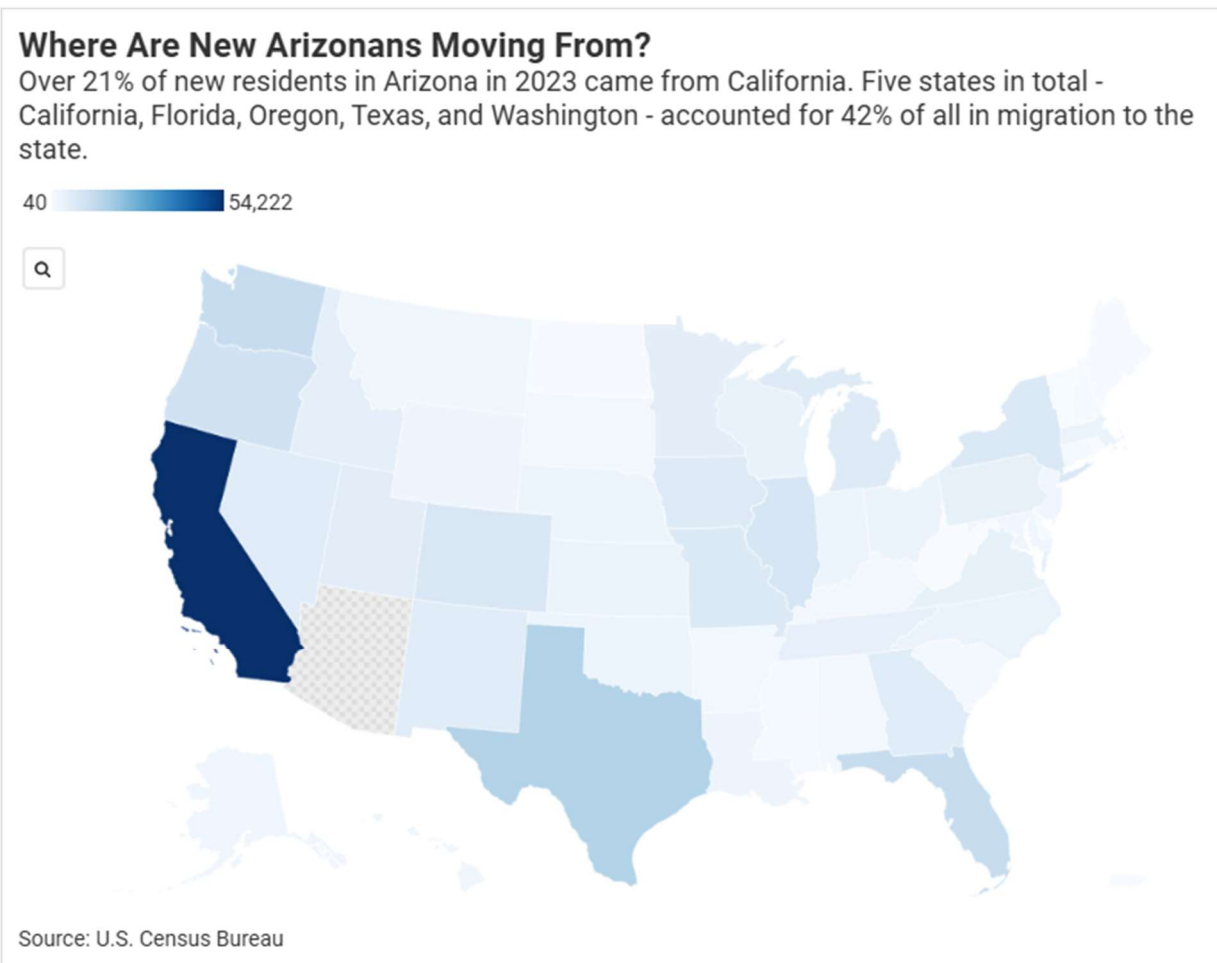


Figure 3

residents than it lost from 32 states, while the remaining 18 including Washington DC gained more from Arizona.

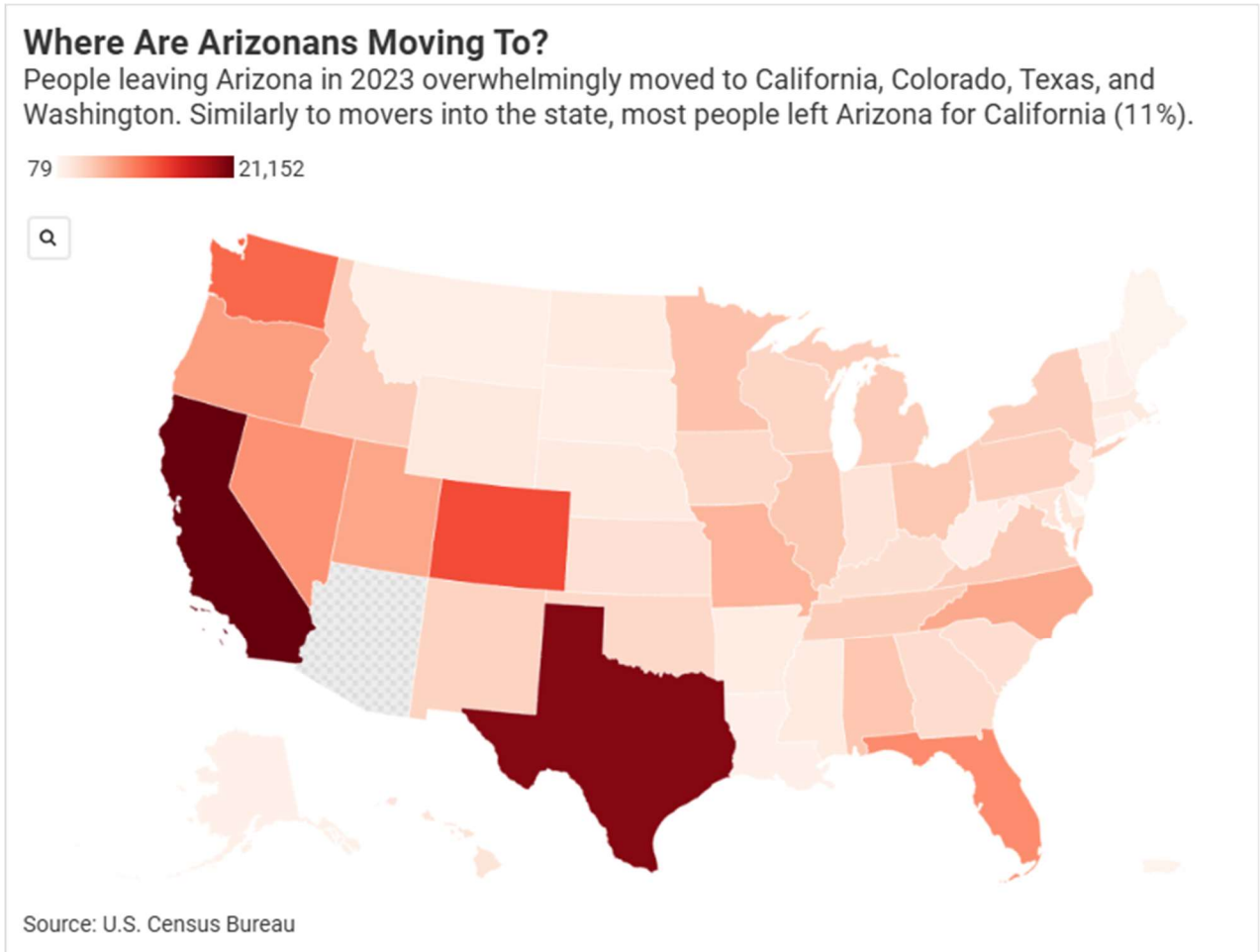


Figure 4

Income Migration

The U.S. Internal Revenue Service (IRS) publishes summary income statistics on migrants into and out of each state. Although the latest data only extends through 2022, it still provides a useful look into the income trends of migrants to and from the state.

According to the IRS data, Arizona is attracting more high-income taxpayers while those that chose to leave the state tend to have lower incomes on average. Specifically, taxpayers migrating to Arizona in 2022 on average earned 16.9% more than those who left, and 6.4% more than residents who remained in the state over the prior year; domestic movers alone earned 6.6% more

than those who stayed put. At the same time those taxpayers moving out of the state earned on average 9% less than residents that remained in the state.

Comparisons to neighboring California further demonstrate the divide between high migration states like Arizona and other low migration states. Taxpayers *leaving* California earned 17.6% less than those moving into the state, and 5.9% more than those who remained in the state over the prior year. Those who moved into the state in 2022 earned on average 10% less than those who were already in the state.

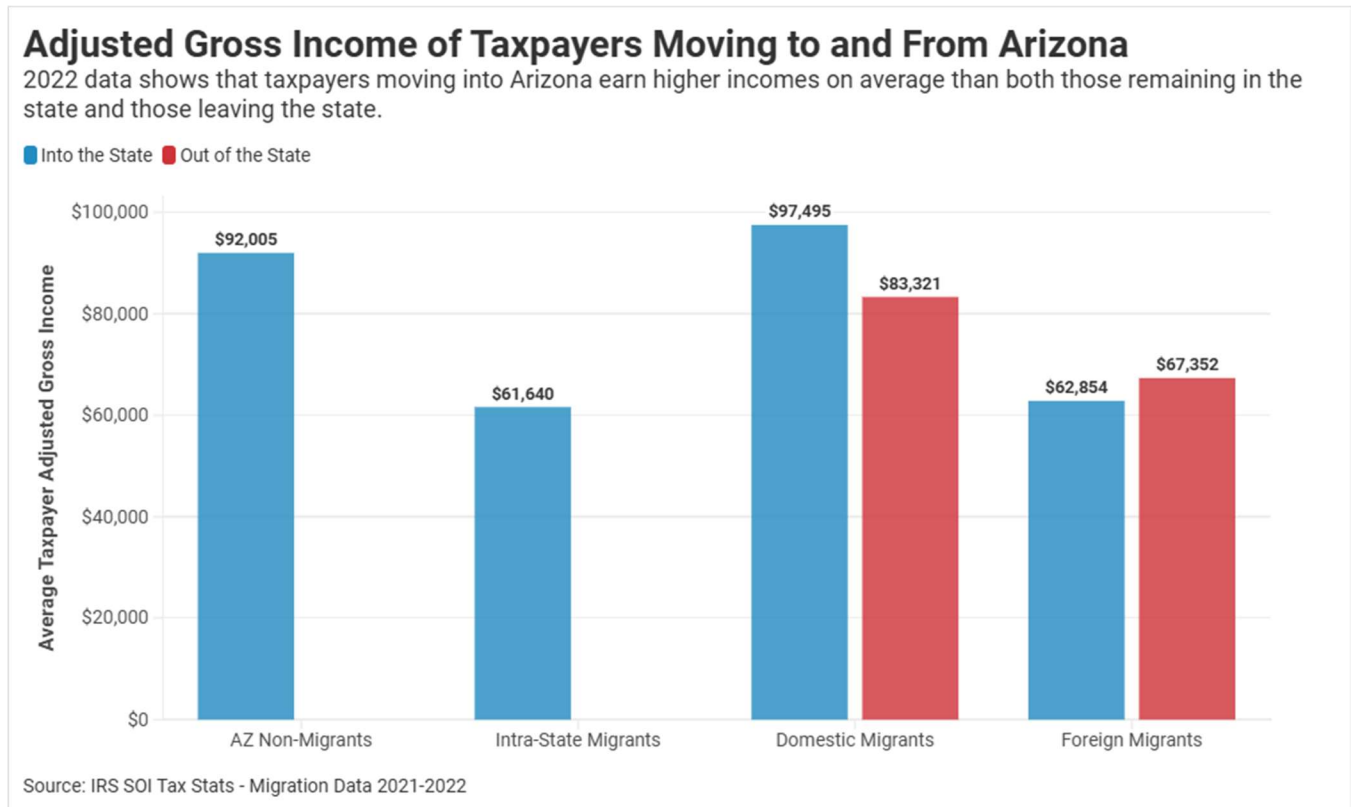


Figure 5

The result is that domestic migration remains a vehicle of ongoing wealth transfer for Arizona from other states (particularly California). This transfer enables the state economy to grow and mature much more quickly than it would through natural growth alone, as demonstrated by Arizona’s strong economic performance over the last several years

ⁱ [U.S. Census Bureau, 2023 American Community Survey 1-year estimates](#)

ⁱⁱ Vermeer, Timothy, [“State Individual Income Tax Rates and Brackets, 2023,” Tax Foundation](#), February 21, 2023.

ⁱⁱⁱ McLaughlin, Patrick, Chambers, Dustin, [“Snapshots of State Regulations 2024 Edition,” George Mason University Mercatus Center](#), August 6th, 2024.