

# Mitigating Outmigration through Tax Policy:

## A Survey of Massachusetts CPAs

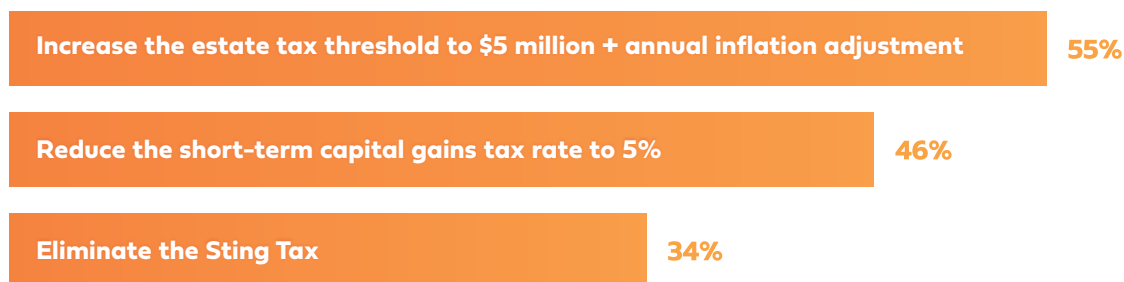


The Massachusetts Society of CPAs (MassCPAs) recently worked with MultiState Associates to survey more than 270 CPAs about the impact of recent tax policy changes on high-income taxpayers (defined as Massachusetts residents with an annual taxable income in excess of \$1 million). These CPAs represent roughly 5,500 high-income Massachusetts taxpayers.

**The survey results indicate that, due to the Commonwealth’s tax policies, many high-income taxpayers are seriously considering plans to relocate from Massachusetts in the next 12 months.**

- **82% of CPAs surveyed indicated that their high-income clients have expressed plans to leave Massachusetts in the next twelve months**, with Florida and New Hampshire overwhelmingly the most popular choices for relocation.
- 100% of respondents indicated that tax policy is a factor in their clients’ decision to leave the Commonwealth.
- 65% of CPAs indicated that the single tax policy change most likely to make their clients reconsider their decision to leave would be to **increase the estate tax threshold to \$5 million, and moving forward, adjust the threshold annually for inflation.**

### Which combination of tax policy changes would be most likely to deter your clients from relocating out-of-state?



- When asked if a combination of tax policy changes would deter clients from relocating, the most popular answers included **increasing the estate tax threshold with an inflation adjustment, reducing the short-term capital gains tax rate to 5% and eliminating the Sting Tax** — indicating that one policy change may not be sufficient.
- **Massachusetts is an outlier when it comes to state tax policy.** Adopting tax policies such as the recommendations above and others, such as expanding the use of single sales factor apportionment for multi-state employers, would bring Massachusetts closer in alignment to states with more attractive environments to do business.