



# Analytics

Published by the Caesar Rodney Institute

CRI - Center for Economic Policy and Analysis

Sussex County to New Castle County: We'll Take Your Taxpayers

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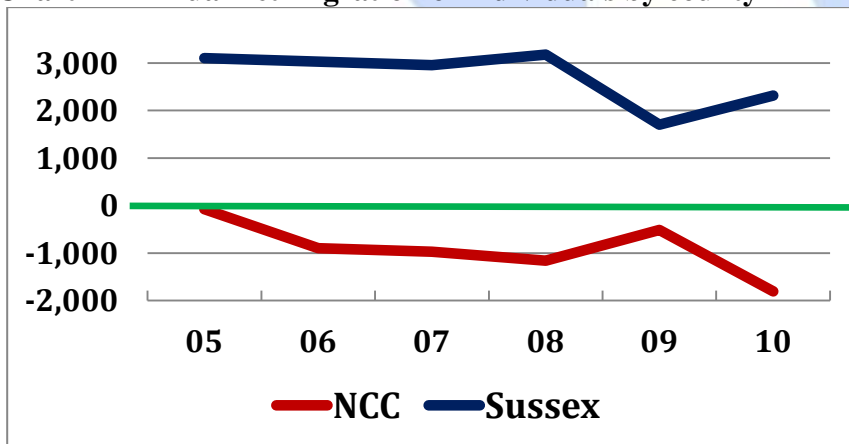
CRI has contended that between the 1998 Uniform Development Code land use regulation and the general practices toward subdivision review, that New Castle County (NCC) government is anti-development. Lack of economic growth has led to very large increases in NCC taxes and fees, encouraging out-migration. Data from the Census Bureau on net migration of persons and adjusted gross income for NCC and Sussex County confirms this.

Between 2005 and 2010 NCC lost 5,500 individuals and \$560 million of adjusted gross personal income from net out-migration. Over the same time period Sussex County gained 16,300 persons and \$812 million of adjusted gross personal income from net in-migration. Sussex County has not raised its property taxes in decades.

Of the personal income lost to NCC, \$394 million (60%) was from households moving out of the County to other states. About \$233 million was lost from NCC households moving south in Delaware, and the remainder was from households which left the U.S.

In 2010 the average income of the net households moving out of NCC was \$189,000 compared to an average of just over \$65,000 for non-migrating NCC households. Of the \$35 million lost to NCC in 2010 from net out-migration to other states, over half was due to households moving to Florida, with the highest income households going the city of Naples on the west coast of that state. Part of this movement was driven by the 17% increase in Delaware's top personal income tax rate in 2010.

Chart 1 - Annual net migration of individuals by county





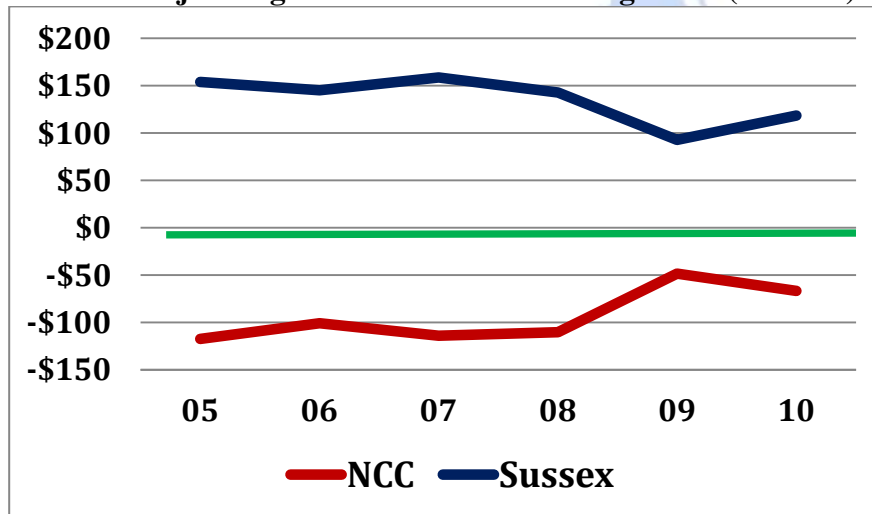
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Of the personal income gained by Sussex County between 2005 and 2010, \$684 (84%) was from households moving from other states into the County. Another \$126 million came into Sussex County from elsewhere in Delaware.

In 2010 the average income of the net in-migrating households to Sussex County was \$95,000 compared to an average income of \$49,000 for non-migrating Sussex County households. Of the net gain in \$118 million in personal income to the County in 2010, \$103 million (87%) was from the net migration of households into Sussex from other states. Over 49% of the in-coming personal income was from households formerly residing in central and eastern Maryland and 22% from households formerly residing in southeastern Pennsylvania.

Chart 2 - Adjusted gross income from net-migration (millions) by county



Politicians seem unable to grasp the simple truth that people vote with their feet: moving from areas with higher taxes to areas with lower taxes.

Dr. John E. Stapleford, Director  
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