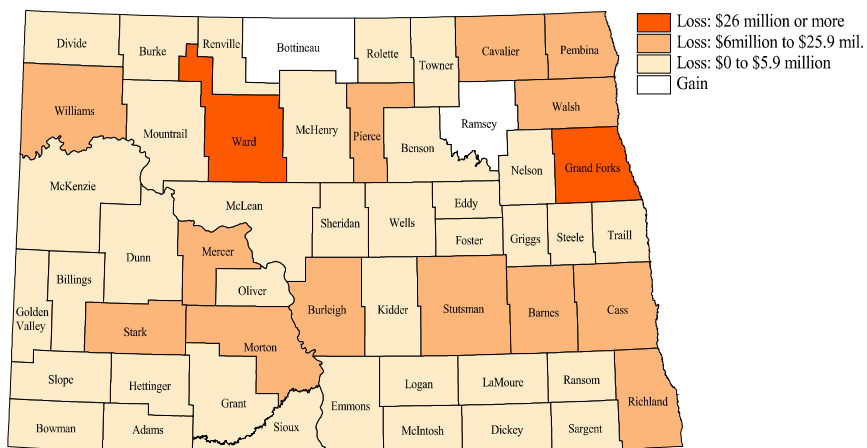


OVERVIEW OF NORTH DAKOTA MIGRATION FLOWS

When North Dakota's resident wage earners move to other states, they take their families and incomes with them, resulting in lower consumer spending and tax revenue for North Dakota. Similarly, when residents move from county to county within the state, local economies and tax bases are affected as the population relocates. This report highlights the most recent available U.S. Internal Revenue Service (IRS) data, covering Federal individual income tax returns filed between 1998-99 through 2000-01, relating to the migration of tax filers to and from counties in North Dakota.

Analysis using North Dakota tax records between 1998-99 and 2000-01 reveals that more wage earners moved out-of-state than moved in, resulting in a loss of income. There is continuing evidence of income drain from rural as well as urban counties throughout North Dakota. Within North Dakota, tax records show that 52 of the 53 counties in the state suffered net losses in the number of filed tax returns. In addition, 51 of 53 counties experienced net losses in taxable income as a result of migration (Map A).

Map A. Net Movement of Aggregate Adjusted Taxable Income Due to Migration for North Dakota by County: 1998-99 to 2000-01



The IRS data allow policymakers to assess the magnitude of loss or gain to the economy through the migration of individuals filing tax returns. Between 1998-99 and 2000-01, 62,976 tax return filers with aggregate taxable income of \$1.9 billion left North Dakota. A total of 52,799 tax filers with aggregate taxable income of \$1.5 billion entered North Dakota. The net loss in taxable income to the state due to migration was \$384.5 million (Table A).

Table A. Net Movement of Tax Returns, Exemptions, and Aggregate Adjusted Taxable Income Due to Migration for North Dakota: 1998-99 to 2000-01

Year	Tax Returns	Exemptions	Aggregate Adjusted Taxable Income (\$)
1998-99	-3,207	-6,832	-100,383,000
1999-00	-3,221	-6,364	-120,634,000
2000-01	-3,749	-7,462	-163,560,000
TOTAL 1998-01	-10,177	-20,658	-384,577,000

North Dakota gained net taxable income from incoming Mississippians and Alaskans, but lost net taxable income to 33 other states between 1998-99 and 2000-01. IRS data show that Minnesota gained the most from movement out of North Dakota. Between 1998-99 and 2000-01, 7,967 tax filers left North Dakota for Minnesota and 5,711 left Minnesota for North Dakota, with a net taxable income of \$102 million flowing to Minnesota. Clay and Hennepin counties were the most frequent destinations of North Dakota tax filers relocating to Minnesota.

Grand Forks and Ward counties suffered the highest losses in North Dakota, losing \$94.3 million and \$59.2 million respectively, in net taxable income between 1998-99 and 2000-01. Cass County was the only county to show an increase in net returns, however, it suffered a loss in net income due to out-migrants having higher incomes than in-migrants. Only two counties in North Dakota had increases in net income due to the relocation of tax filers, Ramsey (\$8.4 million) and Bottineau (\$3.6 million).