



OPINION SHAPER: Taxpayers faced with classic decision on state services

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In a mid-January guest opinion column published in this newspaper, Richard Eckstrom contended that SC's relatively lower overall tax burden is key to SC being and remaining one of the states benefitting from folks moving from states which have higher tax burdens to those with lower ones.

Mr. Eckstrom is SC's Comptroller General, one of the state's elected constitutional officers. He specifically cited a recent study published by the Cato Institute based on 2016 IRS data which ranked the states by overall state and local tax burden and designated the top 25 as "higher tax" states and the bottom 25 as "lower tax" states.

Cato's researchers then looked at the movement of folks migrating from one state to another and determined for each state whether it was a net "gainer" or "loser" in terms of its population.

They found that 24 of the 25 higher tax states lost population while 17 of the lower tax states gained population as a result of this process.

Mr. Eckstrom further notes that the net 600,000 or so more folks who migrated from high tax states to low tax states than vice versa tended to be "... well-educated, those with higher disposable income, and senior citizens."

They brought with them \$33 billion in annual taxable income.

Not so fast.

First, other demographic factors such as life expectancy, birth rates, death rates, and immigration (from other countries) also affect net population changes over time.

So, could it be that a net loss in terms of interstate migration might not be as critical as it first seems?

Second, while I agree with Mr. Eckstrom that it certainly seems logical that tax burden would affect migration decisions and that Cato has presented evidence of a strong correlation, he comes awfully close to confusing correlation with causation.

A simple example of this notion that I found with a Google search: The fact that 100 percent of people who breathe, die – is a correlation; that 100 percent of people who don't breathe, die – suggests causation.

I found the Cato publication on their website and it is worth reading whether you end up agreeing with it or not because it does raise a lot of issues and it makes you think.

But even they note that the direct question as to whether overall tax burden is in fact causally associated with population migration is still somewhat open.

And, more importantly, even if it is, it is but one variable among several others at least that would/could be involved.

And finally, Mr. Eckstrom framed his overall argument in the context of “the central dividing line of American politics: the age-old debate between those who generally favor higher spending and taxes, and those on the other hand who believe it's beneficial to let taxpayers keep more of their own money.”

Personally, I would describe that “dividing line” in a somewhat different manner. That is, the debate among what services and needs residents demand from the state versus what they are willing to pay for of their own pockets — or go without.

Look, I don't like paying taxes any more than you or Mr. Eckstrom. And I know that our state is on the top or bottom of a lot of lists comparing us to other states where we appear in the half that we all expect or want us to be. But we know that there are a lot of those lists where we are in the half that means we are not doing what we need to be doing as a state.

And I bet that if Mr. Eckstrom or the Cato Institute were to compare those lists with where we stand on the tax burden list, they might find at least some more correlations.

After all, although I know we can all point out exceptions, there is probably a reason why the adage “You get what you pay for” is used by so many of us.

If you've ever listened to Dave Ramsey, you know that much of his time and effort with radio callers focuses on getting folks to stop incurring debt, build and keep a “must have or do” budget, hold on unnecessary spending, build and set aside an emergency fund, and then throw everything you have into to knocking off debts one by one.

Sometimes though, the problem is on the income side. And occasionally, even a second or third job won't help.

The person must come to terms with the fact that no matter how attentive they become to the spending and debt challenges, they absolutely need to address the income side of the equation.

Maybe it's time for SC to do the same.

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