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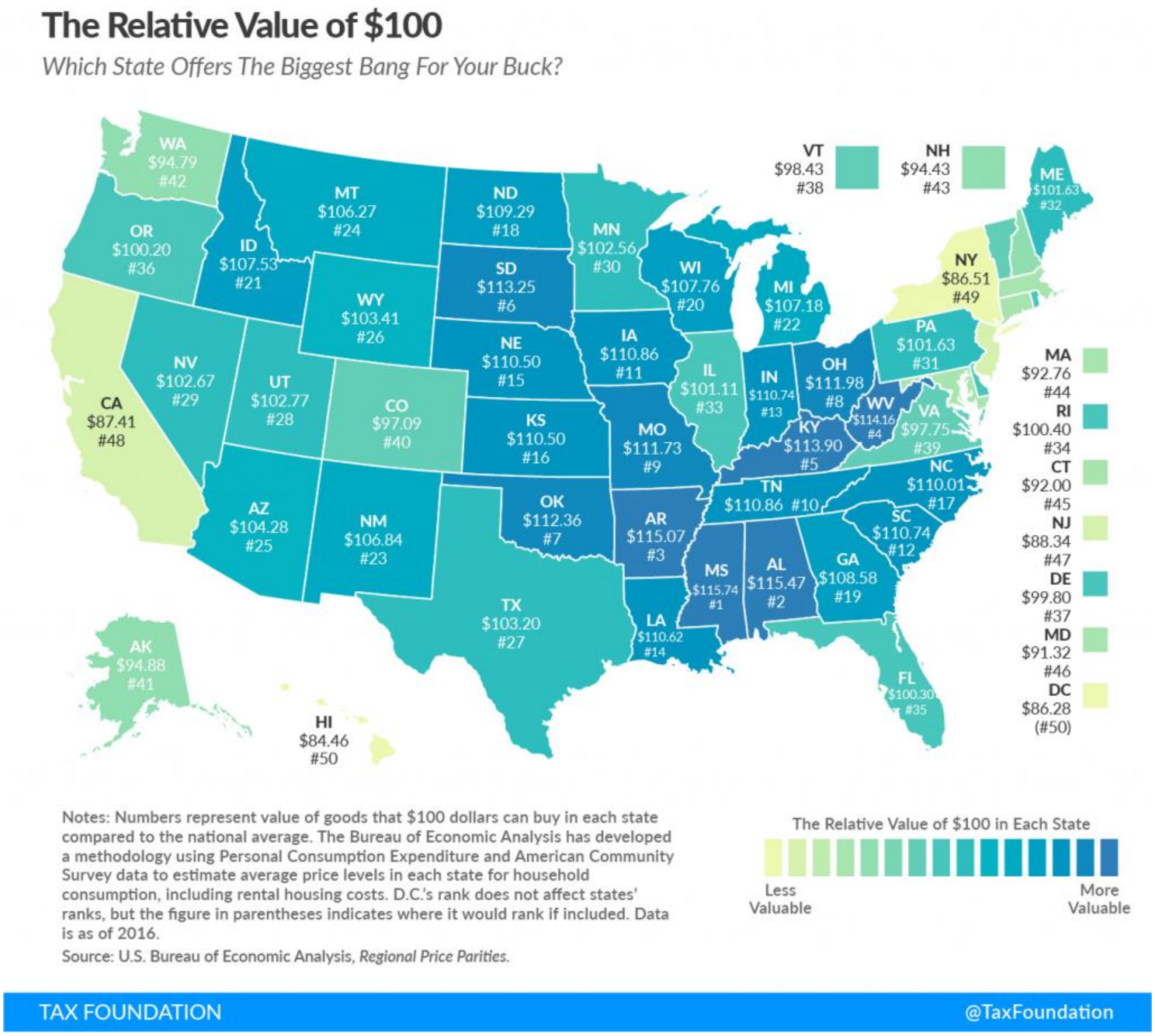
# How Much Is $100 Worth In Your State?

Taxes matter, both federal and state. And they can eat up more of your money than you might think. The Tax Foundation has released a map showing the real value of $100 in each state. Prices for the same goods are often cheaper in states like Missouri or Ohio than in states like New York or California. As a result, the same amount of cash can buy you more in a low-price state than in a high-price state.

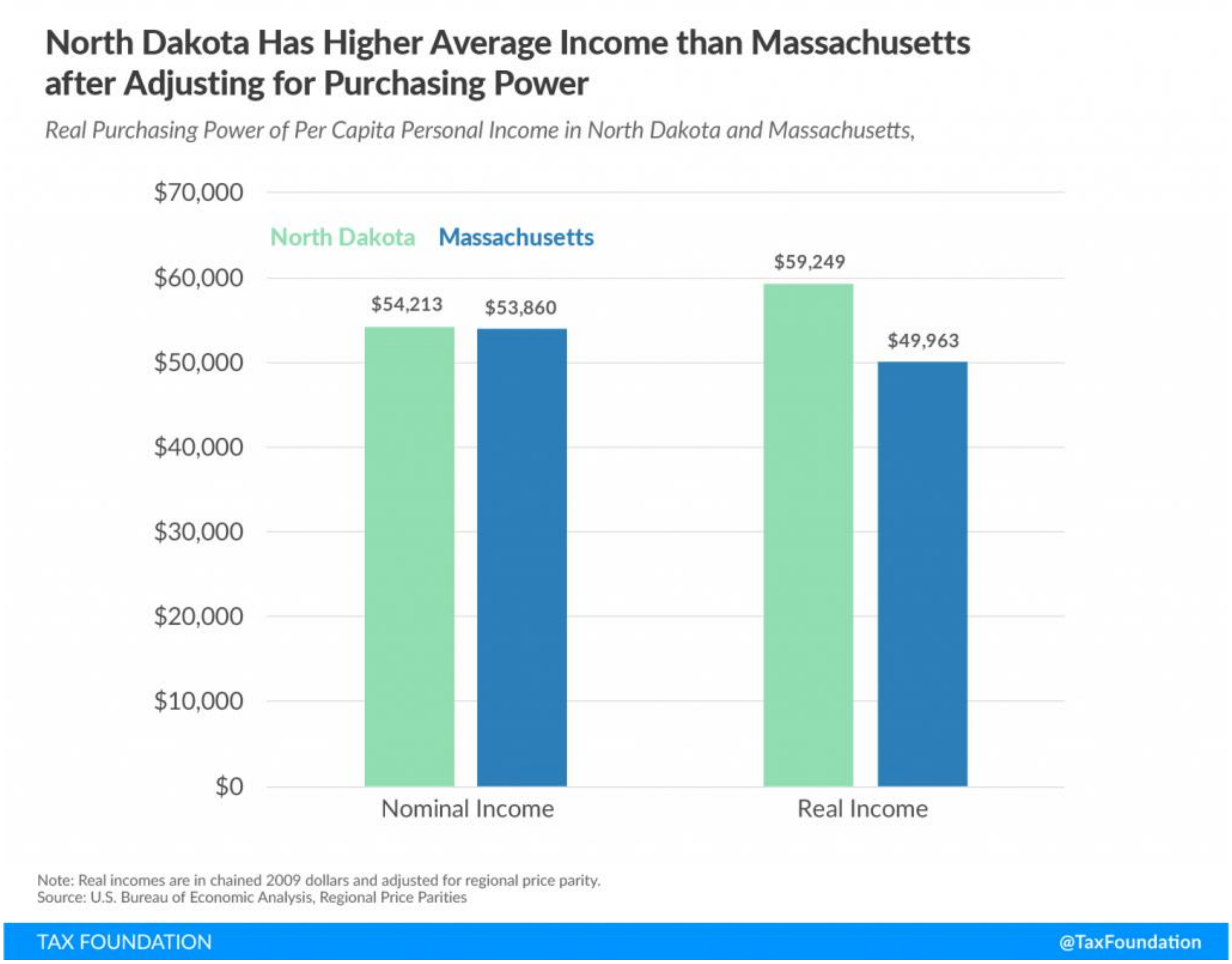
Using 2016 data from the Bureau of Economic Analysis, the Tax Foundation adjusted the value of $100 to show how much it buys you in each state. For example, $100 in South Dakota will buy you goods that would cost $113.25 in a state at the national average price level. In effect, South Dakotans are therefore 13% richer!

The states where $100 is worth the most are Mississippi ($115.74), Alabama ($115.47), Arkansas ($115.07), West Virginia ($114.16), and Kentucky ($113.90). In contrast, $100 is effectively worth the least in Hawaii ($84.46), the District of Columbia ($86.28), New York ($86.51), California ($87.41), and New Jersey ($88.34).




Real purchasing power is 34% greater in Mississippi than it is in New York. So if you have $50,000 in after-tax income in Mississippi, you would have to have after-tax earnings of $67,000 in the New York to afford the same standard of living. States with higher nominal incomes also have higher price levels. However, places with a high cost of living pay higher salaries for the same jobs.

Some states, like North Dakota, have high incomes without high prices. Plus, according to the Tax Foundation, residents of North Dakota and Massachusetts earn approximately the same amount in dollars per capita. However, after adjusting for regional price parity, North Dakotan incomes can buy more.




Do these dollars cause people to think about moving? You bet. In fact, California's taxes can be so high – a whopping 13.3% on top of the IRS – that it often seems to invite investors, and business people to move to low-price states. That could be especially true with the new $10,000 ceiling on deducting state taxes, although millionaires leaving California over taxes is nothing new. It sounds smart to make your money in California, but to quickly move out before it is taxed by the Golden State. Other states (notably New York) have a similar problem. But year after year, no state has a bigger and more persistent cadre of would-be tax fugitives than California.

Some Californians look to flee the state before selling real estate or a business. Some get the travel itch right before cashing in shares, a public offering, winning a lawsuit, or settling litigation. Some of the carefully orchestrated deals and moves can work just fine. However, many would-be former Californians have unrealistic expectations about establishing residency in a new state. They also may have a hard time distancing themselves from California. They may not plan on California tax authorities chasing them.

*This is not legal advice. For tax alerts or tax advice, email me at Wood@WoodLLP.com.*