



# As Companies Relocate to Texas, What Are the Benefits For Their Employees?

In December 2020, tech giant Oracle announced it would be moving its corporate headquarters to Austin, Texas. Prior to that, Tesla CEO Elon Musk announced that he himself had moved to Austin. Hewlett Packard Enterprise also announced in late 2020 that it would be moving its headquarters from San Jose, California, in favor of a Houston suburb.

Why are companies jumping ship to Texas? Tax rates are a major factor in these decisions. When companies move, it is a safe assumption that many of their employees will also follow suit. What benefits will their employees see and what do they need to consider as they start the relocation process to Texas or another tax-free state?

## Tax Impact

First, an employee that is leaving California for Texas, or any of the other states without state income tax, will face not only a lower cost of living, but also a much lower tax rate. Texas, as well as Florida, Alaska, Nevada, South Dakota, Washington, Wyoming and Tennessee, do not collect state income tax on wages from residents. If you decide to retire in one of these states, you won't pay state income tax on Social Security benefits, IRA and 401(k) withdrawals or pension payouts.

## Establishing Residency

Be sure you understand what a state charges for property, sales and other taxes to see if those actually offset not paying state income tax. To benefit from these potential state-related tax advantages, it is important to correctly establish your domicile. You cannot simply declare your

state of domicile—you must establish your intent, document your residency and conduct all aspects of your life accordingly.

There are many steps to establishing a domicile. We encourage you to work with your wealth advisor for a full check list. Here are a few steps you can take to help support your intent in establishing your domicile.

- Obtain a driver's license in your new state of domicile and surrender the license issued by your former state.
- Register cars, boats and other vehicles in new state.
- Change the primary address for credit cards, insurance policies and other bills.
- Open accounts with banks and brokerage firms using your new address.
- Create estate planning documents in the state you intend to call your permanent home.



- Purchase or rent a primary home and sell or close the lease on a home in a former state (not required, but preferable).
- List new address on your federal income tax return.
- Change voter registration; vote in your new state.
- File a nonresident tax return in your former state if required or file a final return in your former state upon leaving.
- Spend actual time living in your new state. Many states require a minimum amount of days spent in the state to qualify as your domicile.

## Everything Else

Moving to a new state solely to save money on income taxes may provide some immediate economic benefits, but there may be other factors in your life that outweigh the decision to move. For example, as a result of large influxes of people moving to certain cities within tax-desirable states, cost of living expenses have soared in metropolitan areas like Austin, Texas, and Nashville, Tenn.

If your housing costs increase so much that it outweighs any tax savings you might receive, then there may not be as much benefit to relocating as you initially thought. Other important expenses to consider include education costs and whether you'll be comfortable going from an urban environment where you don't drive to a city that requires driving to get everywhere. Is there going to be a significant change in weather that you're prepared for? The answers to these questions are going to be based on you and your goals. All should be carefully weighed together to ultimately decide whether relocating makes sense for you and your family.



## For more information visit: [marinerwealthadvisors.com](http://marinerwealthadvisors.com)

The views expressed are for commentary purposes only and do not take into account any individual personal, financial, legal or tax considerations. As such, the information contained herein is not intended to be personal legal, investment or tax advice. Nothing herein should be relied upon as such, and there is no guarantee that any claims made will come to pass. The opinions are based on information and sources of information deemed to be reliable, but Mariner Wealth Advisors does not warrant the accuracy of the information.

Mariner Wealth Advisors ("MWA") is an SEC registered investment adviser with its principal place of business in the State of Kansas. Registration of an investment adviser does not imply a certain level of skill or training. MWA is in compliance with the current notice filing requirements imposed upon registered investment advisers by those states in which MWA maintains clients. MWA may only transact business in those states in which it is notice filed or qualifies for an exemption or exclusion from notice filing requirements. Any subsequent, direct communication by MWA with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides. For additional information about MWA, including fees and services, please contact MWA or refer to the Investment Adviser Public Disclosure website ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)). Please read the disclosure statement carefully before you invest or send money.