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POLICY SPOTLIGHT

Reversing Mississippi's Outmigration

Tax, housing, and labor reforms to grow the Magnolia State

JACK SALMON | OCTOBER 2026

Americans made nearly 34 million interstate moves between 2018 and 2023, redistributing population, income, and economic activity among the states. Mississippi ranked 36th in net interstate migration, losing over 18,000 residents and \$82 million in income.¹ Research suggests taxes, economic freedom, and housing supply are key factors behind the state's migration outcomes. While Mississippi's overall tax competitiveness has been improving in recent years, costly business provisions still stifle growth.

Tax Policy Reforms

The competitive landscape

Mississippi has made some excellent pro-growth reforms, including a flat and relatively low income tax rate, a flat corporate tax rate, full expensing for machinery and equipment investments, and a phase-out of the economically harmful capital stock tax. But some tax provisions still hold back business growth in the state.

Tennessee	No individual income tax; 6.5% corporate tax rate. Additional harmful policies: gross receipts tax and capital stock tax.
Arkansas	Top income tax rate of 3.7%; top corporate rate dropping to 4.1% in 2027. Additional harmful policies: throwback rule and capital stock tax.
Mississippi	4% flat income tax rate (falling to 3% by 2030); 4% corporate tax rate. Additional harmful policies: throwback rule and tangible property tax.

Recommended reforms

- **Eliminate the throwback rule.** This policy exposes in-state firms to higher Mississippi tax liability when they sell tangible property into other states.

¹ See Jack Salmon, "Interstate Migration Trends in the United States, 2018–2023: Where Are Americans Moving, and Why?" (Mercatus Policy Brief, Mercatus Center at George Mason University, July 2026). For the full analysis including sources, scan the QR code on the next page.

- **End taxation of tangible personal property, including business inventory.** This tax currently penalizes in-state investment.
- **Continue the income tax revenue triggers,** which will keep Mississippi regionally competitive.

Housing Policy Reforms

The supply gap

Mississippi issues about 2.6 housing permits per 1,000 residents annually—two-fifths of the rate of neighboring Tennessee (about 6.6 per 1,000). Tight supply raises housing costs, reduces affordability for incoming residents and workers, and diminishes Mississippi’s attractiveness relative to peer states. The barriers are not primarily financial but regulatory. Slow permitting processes impose developer costs that further raise final housing prices.

Recommended reforms

- **Adopt a by-right accessory dwelling unit (ADU) law.** Model [Arkansas’s ADU reform](#), which allows ADUs on the same lots as single family homes while relaxing owner-occupancy and parking requirements.
- **Reduce minimum lot size requirements:** Following recent reforms in Texas and Kansas, Mississippi could allow smaller, lower-cost homes while reducing pressure for outward sprawl.
- **Allow HUD Code manufactured homes on residential lots** where site-built homes are permitted. Mississippi can emulate Florida, which enacted similar [legislation](#). Mississippi should also preempt local requirements that impose redundant inspections or requirements beyond HUD standards. Manufactured housing is a major source of unsubsidized affordable homeownership, particularly in rural areas.

Labor Market Freedom Reforms

The licensing burden

Mississippi has a heavily regulated labor market. The state licenses 65 of 102 lower-income occupations studied, with 165 total barriers and 122 total license requirements. Mississippi enacted universal recognition in 2021, but the reform still requires residency. States with greater labor market flexibility generally see stronger job growth, more business formation, and greater in-migration.

The portable benefits gap

More than 250,000 Mississippians work independently, yet many lack access to benefits because companies risk legal liability when providing benefits to nonemployees. Importantly, survey evidence shows that 80.3% of self-employed workers in the United States want to remain independent while 80.1% want access to portable benefits.

Recommended reforms

- **Reduce the overall licensing burden,** prioritizing occupations where Mississippi’s requirements substantially exceed those of other states.
- **Remove the residency requirement from universal license recognition.** This would strengthen Mississippi’s appeal as a destination for licensed workers from other states.
- **Enact portable benefits legislation.** Allow workers to create portable benefits accounts while enabling firms to contribute without triggering worker reclassification rules.



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