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The purpose of this brief note is to empirically investigate the impact of geographic after-tax real income differentials on geographic population growth rate differentials. The focus is on population growth rates in Florida's 67 counties over the period 1980-88. The reason for this focus is the availability of geographically comparable living-cost indices for all of Florida's counties. These data permit one to convert after-tax income (by county) into real terms. Such living-cost data are not currently available for any other state.

The after-tax real income in county j, R_j, is defined as $R_j = (Y_j - T_j)/C_j$, where: Y_j = county j's 1984 per capita income; T_j = per capita local taxes paid in county j in 1984; and C_j = the cost of living index for county j for 1984.

To examine the impact of R_j on geographic population growth rate differentials in Florida, estimate the following reduced-form equation:

$$P_j = a_o + a_1 R_j + a_2 CST_j + a_3 A_j + a_4 D_j + a_5 U_j + a_6 URB_j + \mu, \quad (1)$$

where: P_j = the percent change in county j's total population, 1980-88; a_o = constant term; R_j = per capita after-tax real income in county j in 1984; CST_j = a binary dummy variable indicating whether county j lies on the coast (the Atlantic Ocean or the Gulf of Mexico), with $CST_j = 1$ for a coastal county and $CST_j = 0$ otherwise; A_j = size of county j in square miles; D_j = 1982 population density (people per square mile) in county j; U_j = county j's 1982 average unemployment rate; URB_j = the percentage of county j's population living in urban areas in 1982; and μ = stochastic error term.

Estimating equation (1) by OLS, using the White procedure [*Econometrica*, 48, 1980] to correct t-values for heteroscedasticity, yields:

$$\begin{aligned} P_i = -13.86 &+ \underset{(+3.88)}{0.353 R_j} + \underset{(+2.33)}{12.52 CST_j} \\ &+ \underset{(+1.66)}{0.0002 A_j} - \underset{(-2.12)}{0.006 D_j} + \underset{(+0.07)}{0.063 U_j} \\ &- \underset{(-1.77)}{0.21 URB_j}; \\ DF = 60,\ R^2 = 0.30, & \qquad (2) \end{aligned}$$

where terms in parentheses are t-values.

Unlike earlier related studies which have typically examined the impact of nominal income, this study focuses upon R_j, which measures the impact of after-tax real income. As shown in equation (2), the coefficient on variable R_j is positive and statistically significant at far beyond the 1 percent level. Thus, even after allowing for a variety of other location-influencing factors, including coastal access, after-tax real income differentials exercise a positive and significant impact on population growth rate differentials among Florida's counties.