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Wealthy Found to Flee N.J. Tax

A New Jersey Treasury Department study said on Monday that thousands of wealthy residents flee the state each year because of income-tax increases, resulting in the loss of \$150 million in annual tax revenues.

In a presentation before the Garden State Economic Forum Monday, the economist, Charles Steindel, said 25,000 people have left the Garden State since income taxes on high earners were increased in 2004 and 2009. Mr. Steindel estimated the state's revenue losses at about \$3 billion.

The state's highest tax rate was raised to 8.97% from 6.37% in 2004 for those making more than \$500,000 and was raised for one year in 2009 to 10.75% for millionaires.

Researchers concluded that for every 1% increase to New Jersey's tax rate, about 4,200 residents left and \$520 million in adjusted gross income was lost.

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To add insult to injury, New Jersey residents pay the highest annual property taxes in the country. According to the Tax Foundation, New Jersey residents paid a median \$6,579 in 2009 on their owner-occupied housing.

New Jersey takes seven of the top 10 spots for property taxes paid on owner-occupied housing, by county. The rankings are based on the 792 high-population (65,000 or more residents) counties in country.

Since taxpayers cannot vote on what taxes they pay, they are voting with their feet – they are leaving high tax locales like New Jersey and moving to lower tax locales, like Florida. Unlike New Jersey's 16.00% top estate tax rate and 8.97% top income tax rate, Florida does not have an estate tax or income tax.

State pride, inertia and the inconvenience of moving to lower tax locales take a back seat when tax abuse hits taxpayers' purses and wallets too hard. Anyone remember the Boston Tea Party?

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