



Written by [Bob Adelman](#) on September 18, 2020

New Jersey the Fourth State to Enact “Millionaires” tax

New Jersey Governor Phil Murphy [says](#) he doesn't hold a grudge against anyone making more than a million dollars a year in his state.

It's just that he needs their money more than they do. It's their duty to “sacrifice”: “We do not hold any grudge at all against those who have been successful in life. But in this unprecedented time, when so many middle-class families and others have sacrificed so much, now is the time to ensure that the wealthiest among us are also called to sacrifice.”

Murphy made the announcement on Thursday, adding that he expects the two-percent increase — from 8.75% to 10.75% on incomes of a million and up — will raise \$390 million this year alone. He's using his state's \$10 billion shortfall in revenues as an excuse.

He expects the increase to fall on about 16,500 residents, assuming that they stand still for the plucking.

Most are likely to stand still for the shearing, but an increasing number will likely consider this increase the final straw and firm up their plans to move to warmer, friendlier, and lower-tax climes.

The U.S. Census Bureau has confirmed the outflow of citizens from high-tax states to low-tax states for years. But the Tax Foundation has discovered another impact: For every increase in the income tax levied in a state, that state's population decreases. And the greater the increase, the greater the state's shrinkage. It reported that when a state increases its income tax rate by one percent, the state's population shrinks by 1.4 percent. For larger population states, where there are more high income lambs available to be shorn, the state's population shrinks by 2.4 percent.

There are other impacts, too. New Jersey currently ranks seventh in WalletHub's “Tax Burden” calculus, at 9.88 percent. WalletHub's “tax burden” includes income taxes, property taxes, and sales and excise taxes. Ahead of New Jersey are Connecticut at 9.99 percent; Minnesota at 10.19 percent; Maine at 10.57 percent; Vermont at 10.73 percent, Hawaii at 11.48 percent; and New York, at 12.28 percent. California clocks in at 10th position, with a tax burden of 9.52 percent. Three of them — California, Connecticut, and New York — already have a millionaire's tax, and Massachusetts, at 22nd place with a tax burden of 8.76 percent, is considering one.

With the millionaire's tax, New Jersey is certain to leap-frog into second or third place in WalletHub's tax burden calculus.

Underreported is the impact on citizens making average wages. Just because they make around \$60,000 a year, on average, doesn't mean that Murphy's move won't impact them. As wealthy individuals move away, they take not only their wealth but their job-creating capabilities as well. When Connecticut passed a billion-dollar tax hike in 2015, General Electric packed up and moved their headquarters out of the state, stranding hundreds of those average wage earners, leaving them to fend





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for themselves.

As Walter Wriston, former chairman of Citicorp, famously said: “Capital goes where it’s welcome and stays where it’s well treated.” It’s a lesson lost on New Jersey Governor Murphy and other politicians who think they can continue to shear the sheep without protest or impact.

Graphic: [erhui1979/DigitalVision Vectors/Getty Images](#)

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