



State of New Jersey

Department of the Treasury

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Treasury Chief Economist to Outline Research On Impact of Taxation on High-Income Taxpayers Leaving New Jersey

TRENTON – Dr. Charles Steindel, chief economist for the New Jersey Treasury, will release research designed to better inform the debate over the effects that tax rates have on individual decisions to leave or stay in New Jersey. Dr. Steindel will provide details of a study and a survey as part of the Garden State Economic Forum at the State Museum in Trenton on Nov. 14.

The study, based on federal tax data, suggests that while state income tax increases in 2004 and 2009 resulted in increases in single-year revenues, tax collections came under noticeable downward pressure over time because a significant number of high-income earners left the state.

The study estimates that state income tax collections were reduced by \$150 million a year and that the total adjusted gross income of the state fell by \$3 billion between 2004 and 2009 because higher tax rates were linked to the departure of some high income individuals from the state and discouraged other high-wealth taxpayers from moving to New Jersey. The \$150 million loss in revenue in 2009 doesn't include reductions in corporate, sales and property tax collections that resulted because of outmigration of higher-wealth residents.

In addition, Steindel will release the results of a survey of subscribers to the state's online newsletter *Tax Notes*, which keeps professionals such as financial advisers, accountants and attorneys up to date on changes in law, rules and court decisions governing tax matters. Subscribers include advisers to high-wealth clients.

More than half of the respondents said that clients had recently left or expressed interest in leaving the state. Respondents said the top three reasons that clients gave for leaving were state income taxes (85.4 percent), local property taxes (77 percent) and estate taxes (67 percent). The next two reasons most-often cited were Retirement (47.6 percent) and Housing Costs (43.7 percent).

Dr. Steindel is a former senior vice president of the New York Federal Reserve Bank, where he oversaw creation of regional and U.S. economic forecasts and provided monetary policy advice. He has a Ph.D. in Economics from the Massachusetts Institute of Technology.

Assisting in oversight of the research was Dr. Roger Cohen, Director of Revenue and Economic Analysis (OREA) in the Office of the Chief Economist (OCE). Dr. Cohen spent 24 years in New York state government as a tax and fiscal adviser, including as deputy director of the Legislative Tax Study Commission. He has a Ph.D. in Public Finance Economics from the University of North Carolina.

Ranjana Madhusudhan, a Senior Research Economist and Deputy Director of OREA , and Andrew Lai, policy analyst in OCE, played key roles in the creation of the study and survey. Dr. Madhusudhan has a Ph.D. in economics from Syracuse University. Lai, a former research assistant at the National Bureau of Economic Research, has a bachelor's degree from Harvard University and a master's degree from Boston University.

[Tax Migration Study\(with tables\)](#) (Adobe PDF – 293k)

[New Jersey Migration Survey](#) (Adobe PDF – 107k)

[11-14-11 Garden State Economic Forum Steindel Presentation](#) (PowerPoint Presentation – 318k)

[Tax Migration Survey Results](#) (Adobe PDF – 165k)