



# AMERICANS *for* TAX REFORM

June 16, 2009

New Jersey State Assembly  
New Jersey State Senate

Dear Members of the New Jersey Legislature,

**I write strongly opposed to the massive income and business tax increases proposed in the budget package.**

**In recent years, New Jersey has overwhelmingly led every state in tax hikes.** The Garden State government has increased taxes on each resident by \$2,601 since 2002, for a total of over \$22 billion in tax hikes – the highest nationally. According to the Center for Fiscal Accountability, New Jersey taxpayers spend 211 days a year working just to cover the cost of government – the second highest burden nationally. New Jersey also has the highest state and local tax burden, the second highest business tax burden, and collects more property taxes per capita than any other state. After factoring in inflation, government expenditures have increased 47.5% since 1998.

**Raising the top personal income tax to 10.75% – just shy of the nation’s highest – will hit residents, small businesses, and seriously impede job creation during this recession.** Well over two-thirds of small businesses file personal income tax returns as “pass-through” entities, and the highest earning small businesses tend to be the largest job creators. Under this proposed steeply progressive income tax structure, companies making more than \$400,000 will be required to cut back jobs, wages, and expansion.

**Additionally, the estimated \$900 million tax hike fails to account for the fact that individuals and businesses can and do relocate to states with a more favorable tax treatment.** Maryland, for example, just announced that after raising their top income tax rate they had a net loss of \$100 million from high-income earners who fled the state. New Jersey has had a net outflow of residents every year for the past 10 years, and two of the top destinations for those who left were Pennsylvania and Florida, which have flat income tax rates of 3.07% and 0% respectively. A higher income tax is a recipe for economic disaster.

**The budget package contains numerous other bills that will hurt residents and businesses.** Extending the 4% business tax surcharge that businesses expected to expire amounts to an \$80 million tax hike. Raising payroll taxes on businesses is another \$350 million tax hike. Raising the tax on health insurance premiums will make healthcare more expensive and raise costs for businesses.

**Finally, despite having the highest property tax burden in the country – at over \$6,500 per household – this budget package suspends property tax deductions and rebates for a majority of households across New Jersey.**

As you continue to weigh options to rectify the state’s overspending problem, I urge you to oppose all tax increases, including those above. If you have any questions, please contact Kelly Cobb, state affairs manager, at (202) 785-0266.

Onward,

Grover Norquist

CC: Governor Jon Corzine

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