Stalling The Comeback

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Experts Agree That The Corzine Democrats' Plan To Raise Taxes Will "Be Damaging To Long Run Growth In New Jersey"

"Once again, we have an opportunity to show the rest of the nation that New Jersey is the model for effective governance in America. Now is the time to stop the posturing and gamesmanship and instead deliver tax relief to the people who need and deserve it – the middle-class families of our state … This requires putting people before party and accepting that the days of tax increases that killed our economy are over. Lowering taxes on the most overtaxed people in the nation is the new reality and our obligation after years of sacrifice."
– Governor Chris Christie, "Governor Chris Christie Calls on Legislature to Join Him and Immediately Act to Deliver Middle-Class Tax Relief," Press Release, July 2, 2012

STATE AND NATIONAL STUDIES SHOW THAT THE CORZINE DEMOCRATS ARE WRONG TO WANT TO RAISE TAXES

According To The Tax Foundation, The Corzine Democrats Tax Increase "Would Have Negative Effects On Long Term Economic Growth." "Regardless of their popularity, attempts to increase the tax burden on high-income individuals would be damaging to long run growth in New Jersey. Economic research indicates that progressive tax rates disincentivize developing job skills and career advancement, and reduce the number of hours people are willing to work. Furthermore, taxes on high income filers include business income, and raising taxes on this group would have negative effects on long term economic growth." (Scott Drenkard & Elizabeth Malm, "Lawmakers Weigh Tax Schemes In The Garden State," The Tax Foundation, 6/12/12)

A Treasury Department Study Found That Between 2004 And 2009, $3 Billion Of Adjusted Gross Income Left New Jersey Due To Corzine Democrats' Tax Increases. "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." (New Jersey Department Of The Treasury, "Treasury Chief Economist to Outline Research On Impact of Taxation on HighIncome Taxpayers Leaving New Jersey," Press Release, 11/15/11)

After An Initial Single-Year Boost, New Jersey Also Saw A $150 Million Decrease In Annual Income Tax Revenue. "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 $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."

A Maryland Study Found That The Implementation Of A "Millionaire's Tax" Cost The State $1.7 Billion In Lost Tax Revenue And Contributed To 31,000 Residents Leaving The State. "The study, by the anti-tax group Change Maryland, says that a net 31,000 residents left the state between 2007 and 2010, the tenure of a 'millionaire's tax' pushed through by Gov. Martin O'Malley. The tax, which expired in 2010, in imposed a rate of 6.25 percent on incomes of more than $1 million a year. The Change Maryland study found that the tax cost Maryland $1.7 billion in lost tax revenues. A county-by-county analysis by Change Maryland also found that the state's wealthiest counties also had some of the largest population outflows." (Robert Frank, "In Maryland, Higher Taxes Chase Out Rich: Study," *CNBC*, 7/9/12)

A Study By The Connecticut Policy Institute Found That A Cumulative $3.8 Billion In Gross Domestic Product Had Left That State Since 2002 Due In Part To Taxes Increases. "We are now losing the competition with other states for taxpayer income. About $450 million a year more AGI moved out of state than moved in during the ten years following the 1991 introduction of the tax on earned income. By 2002, the outflow of AGI had slowed and in that year about the same amount of AGI moved into Connecticut as left. But since the income tax was raised again in 2003, the outflow of AGI from Connecticut has been alarming. Losses to other states increased to over $700 million annually by 2006 and 2007 amounting to a departure of nearly half a percent of state personal income each year. We estimate this departure of income from the state just since 2002 has cost Connecticut $3.8 billion of cumulative state gross domestic product (GDP), $200 million of tax revenues, and over 4,000 jobs." (The Connecticut Policy Institute, "Don't Kill the Golden Goose!" 2/7/11)

The Study Found That A 1% Additional Increase Would Cost The State $2 Billion A Year In State GDP, As Well As 15,000 Jobs. "If these estimates are correct, a 1% increase in the marginal income tax rate, which in a static analysis would generate $476 million in annual revenues, would generate $426 million in its first year. Ten years after introduction of the higher rate, it would cost the state $13 million a year more revenues than it contributed. Not only would the tax increase not have increased revenues after year ten, but we estimate that by year ten it would have reduced state GDP by $2 billion a year and reduced employment by over 15,000 jobs."

PROMINENT VOICES AGREE THAT AVOIDING TAX INCREASES IS THE "BEST THING TO DO RIGHT NOW"

President Bill Clinton Said Extending Tax Cuts "Probably The Best Thing To Do Right Now." "CNBC's Maria Bartiromo: "So does that mean extending the tax cuts?" Clinton: "Well, I think what it means is they will have to extend-- they will probably have to put everything off until early next year. That's probably the best thing to do right now." (CNBC's "Closing Bell," 6/5/12)

Clinton Says We Need To "Find A Way To Keep The Expansion Going" And "Avoid The Fiscal Cliff." President Bill Clinton: "What I think they should do is find a way to keep the expansion going. … But they're trying to figure out a way to promote growth. And what I think we need to do is to-- find some way to avoid the fiscal cliff, to avoid doing anything that would contract the economy now …"

Federal Reserve Chairman Ben Bernanke Is Urging Tax Policies That "Increase Incentives To Work And Save, Encourage Investments In Workforce Skills, Stimulate Private Capital Formation, Promote Research And Development, And Provide Necessary Public Infrastructure." "A third objective for fiscal policy is to promote a stronger economy in the medium and long term through the careful design of tax policies and spending programs. To the fullest extent possible, federal tax and spending policies should increase incentives to work and save, encourage investments in workforce skills, stimulate private capital formation, promote research and development, and provide necessary public infrastructure." (Chairman Ben S. Bernanke, Testimony Before the Joint Economic Committee, U.S. Congress, Washington, D.C., 6/7/12)

Tax Policy Should Aim For "A More Productive Economy" That Will "Ease Tradeoffs" On Other Tough Choices. "Although we cannot expect our economy to grow its way out of federal budget imbalances without significant adjustment in fiscal policies, a more productive economy will ease the tradeoffs faced by fiscal policymakers."

When Asked About Bill Clinton's Tax Comments, Larry Summers Said "We've Got To Make Sure That We Don't Take The Gasoline Out Of The Tank." MSNBC's Brzezinski: "Larry Summers, let's start with you. You heard Bill Clinton talking about the tax cuts. We had terrible unemployment numbers coming out last week. What would you advise the president to do at this point?" Summers: "Look, the real risk to this economy is on the side of slowdowns. Certainly not on the side of overheating. And that means we've got to make sure that we don't take the gasoline out of the tank at the end of this year." (MSNBC's "Morning Joe," 6/7/12)

"That's Got To Be The Top Priority. We've Got To Make Sure That What We Keep Providing Support To The Economy."

Press Contact:
Michael Drewniak
Kevin Roberts
609-777-2600