



# NEWS

## AMERICANS FOR TAX REFORM

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## McGreevey's Income Tax Increase & State Employment

*--Past History Shows Raising the State Income Tax Will Hurt NJ's Economy--*

WASHINGTON – Advocating to raise the state income tax, Gov. McGreevey consistently uses state unemployment numbers as a way to justify raising taxes will not hurt the state economy. In his speech calling for an increase in the state income tax, McGreevey proclaimed, “Our unemployment level has been below the national average for eleven straight months and we have the highest jobs level in two years.”

Americans for Tax Reform (ATR) has demonstrated the governor has completely misled and exaggerated the employment numbers and that the state is ranked 20<sup>th</sup> in private sector job creation – not 4<sup>th</sup> as claimed by the governor. But even taking McGreevey at his word does not mean that raising the state income tax will not hurt FUTURE employment. **Garden State history throws cold water on the Governor's justification since roughly 70 percent of NJ taxpayers making over \$250,000 small business income.**

Throughout the 1980's NJ was an economic powerhouse, driving the nation's economic growth. However, the consequences of the Florio tax increases were immediate and severe. **Coming out of a recession, the Florio tax increases pummeled small businesses on the margin, which were subsequently forced reduce hiring and gave fewer pay increases. Additional layoffs occurred because businesses had to trim employment just to remain open, hiring opportunities were frozen and capital investment projects were stalled.**

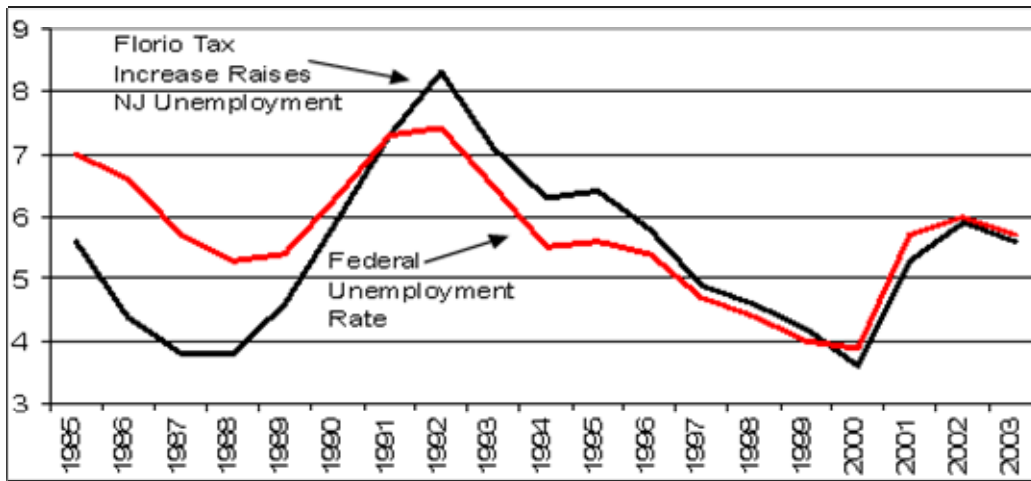
### Under Florio's regime:

- Personal income of NJ residents fell three percentage points short of the nation's for two straight years.
- Employment growth fell 5 percentage points below the national average, at a cost of more than 200,000 jobs.
- NJ unemployment rate rose above 0.5 percentage points above the national average.
- 70,000 residents, the most on record, left the state than entered the state.
- The income of the residents leaving the state have higher incomes than the people entering the state, which sucked nearly \$2 billion from the state's economy

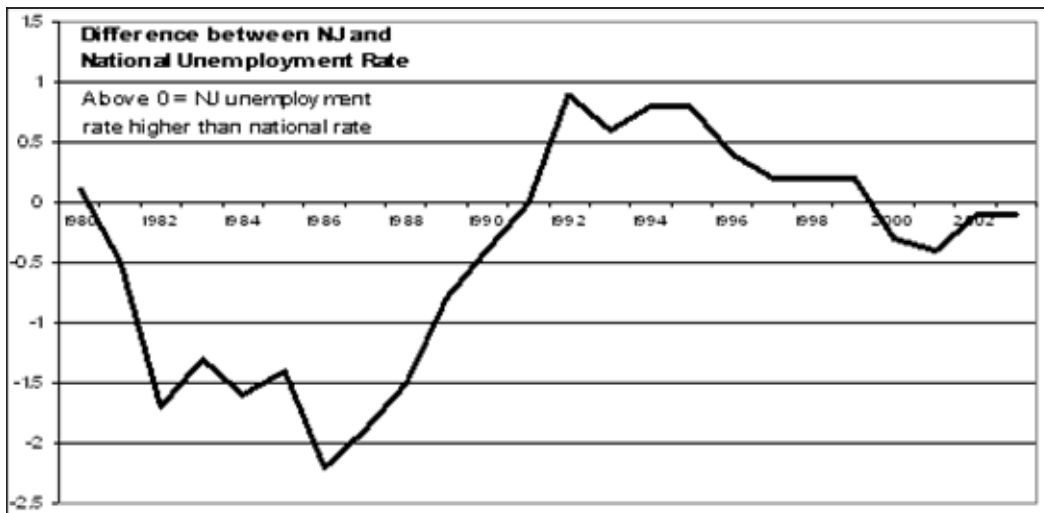
The charts below demonstrate the facts above.

*Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at [jcollegio@atr.org](mailto:jcollegio@atr.org).*

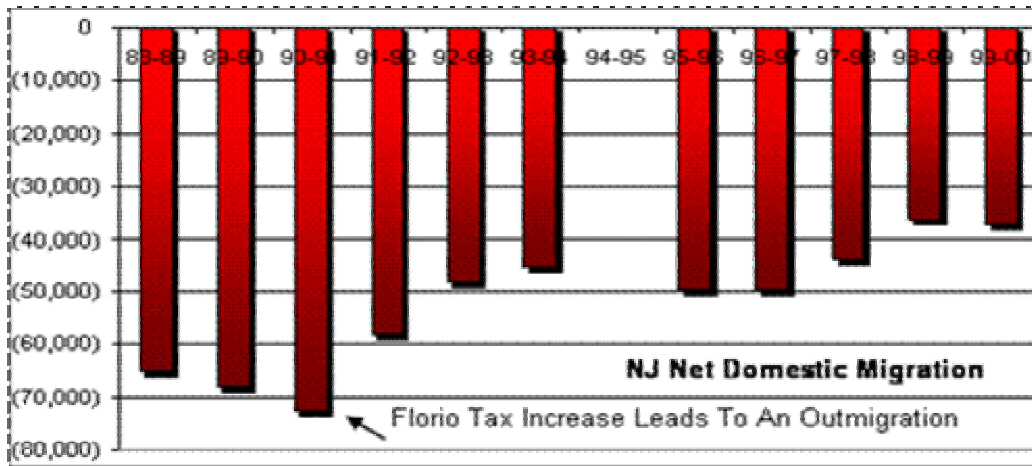
### New Jersey's Unemployment Moved Above the National Rate for the First Time



### It Took 10 Years to Recover From the Florio Tax Increases



**Raising State Income Taxes Led to An Out Migration of Residents\***



\*Data Compiled From IRS Data. Residents are tabulated as filers plus dependents to approximate for population. Net Domestic Migration is calculated as Domestic Inflow minus Domestic Outflow. Each year it has been negative but exacerbated by the tax increase. New Jersey Policy Perspective distorts the data by examining only the outflow component of the data and including Int'l travel. This significantly distorts the data. The fact is more people leave the state than enter upon a tax increase on savings and investment as the Florio tax increase did and as the new proposed income tax hike will as well.