



Fein, Such, Kahn & Shepard, P.C.

C O U N S E L L O R S A T L A W

NJ Millionaires Tax May be back

February 28, 2011 by [Deirdre Wheatley-Liss](#)



Flashback to 2009 - New Jersey households earning more than \$1 million were subject to an additional tax, or amounts earned over that threshold were tax to 10.75%. Right now, the maximum New Jersey income tax bracket is 8.97%. That was a one-year tax proposed to close a budget gap. [NJ.com reports](#) that the millionaires tax is back on the table:

"As the state's top Democrats mull whether to attempt bring back the so-called "millionaires tax" in this year's budget, one Senate Democrat has already proposed it.

State Sen. Shirley Turner has proposed a bill that would permanently raise the tax rate on households earning more than \$1 million annually.

For every dollar earned exceeding \$1 million, Turner's bill would raise the tax rate from 8.97 percent to 10.75 percent. The revenue generated from the extra tax would be dedicated to property tax relief."

For my own two cents, I think that the property tax relief is very inefficient insofar as there are huge administrative costs where the taxpayers pay a tax, only to have it rebated and redistributed. A "Millionaires tax" on income to provide property tax relief would seem to be equally inefficient, again because of the administrative costs of taking tax from one place just to put it somewhere else. Just have the people who are subject to the "relief" pay less property tax in the first place, and all those resources that go to collecting a tax just to turn around and rebate or refund it could be allocated to something else. Also, it would be nice if both Trenton and Washington would bear in mind that a tax rebate is akin to a profit distribution by a private company, and that you need to be taking in more than you are spending before you can declare a profit.

This Article does not constitute legal advice nor create an attorney-client relationship.

© Fein, Such, Kahn & Shepard, P.C., all rights reserved. Permission is granted to reproduce and redistribute this article so long as (i) the entire article, including all headings and the copyright notice are included in the reproduction, and (ii) no fee or other charge is imposed.