

N.J. Gov. Chris Christie's tax claims from conservative think tank are misinformed

By [Tom Moran/ The Star-Ledger](#)

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Matt Rainey/The Star-LedgerGov.

Chris Christie at the Statehouse in Trenton in this February 2010 file photo.

[TRENTON](#) — Gov. Chris Christie stood before the Legislature last month and announced his core philosophy on taxes, one that is driving his entire agenda.

“We have the worst unemployment in the region, and the highest taxes in America, and that’s no coincidence,” he said. “Is the way to fix that problem to make our taxes even higher?”

It sounds reasonable. But here’s the problem: His tax claim is simply not true. Not even close.

The governor is relying on the work of the Tax Foundation, a conservative think tank in Washington whose stated mission is to push for lower tax rates. And these guys are as slippery as snakes.

Here’s an example: To make New Jersey look as bad as possible, they count all the money we pay to other states. So when New York raises taxes, that pushes up our ranking.

It gets worse. When Alaska raises money from its taxes on oil and gas, the Tax Foundation charges us for some of that, too. We burn a lot of oil and gas in the winter. Our people own shares in Exxon. And so the Tax Foundation reasons that Alaska’s tax burden spills over on to us.

Have a vacation home in Pennsylvania? The property taxes you pay over there count against New Jersey as well. Add this all up, and more than one third of the state and local tax burden the Tax Foundation tallies for New Jersey is paid to other jurisdictions.

“It’s very complicated,” says Mark Robyn, staff economist at the foundation. “It involves hundreds of data sets.” Sure, if your aim is to spin, you might have to wash the numbers pretty hard.

Anyone who lives in New Jersey knows that the real problem is the property tax. We are the true champions on that score. And it’s a regressive tax, a relic of medieval times that crushes middle-class families without mercy, even when they lose jobs.

Most of our taxes, including the income tax, are not out of line. Look at Census data on revenue that’s actually raised within our borders, and New Jersey looks positively average. Our combined state and local taxes rank 28th in the nation as a portion of income, according to the latest data, from 2007.

Want to spot another tax myth? Here’s one the governor is pushing all on his own. He constantly praises Pennsylvania for its flat tax of 3.1 percent, comparing it with New Jersey’s top income tax rate, which is nearly 9 percent.

Here’s what he doesn’t say: Pennsylvania imposes its tax on every dollar earned, and allows local governments to add their own income tax, typically another 1 percent. New Jersey exempts the first \$20,000 you earn, and then imposes progressive rates that grow with income. The bottom line is that the typical family in Pennsylvania pays much higher income taxes than the typical family in New Jersey.

Mary Forsberg at New Jersey Policy Perspectives grinded the numbers for a family of four in each state. She found that the break-even point is \$180,000. Families earning less than that pay more in Pennsylvania.

The point here is that the governor is fighting the wrong war, and using bad information to promote it. He should be focusing on the property tax, and instead he is drawing the line on the income tax rates for the richest 1.5 percent of New Jersey families, those earning more than \$400,000.

The result is perverse. By insisting that these wealthy earners should pay lower taxes this year than they did last year, he is draining nearly \$1 billion from the state treasury. That’s forcing huge cuts in local aid that are already driving up property taxes.

So the tax burden for average families will actually grow. That’s already starting to happen.

Worse, Christie’s defense of the rich is killing him politically and diverting energy from the fight against out-of control spending. By 2-1 margins, the public opposes this lopsided tax cut. The governor’s popularity is plummeting. And he’s allowing the public worker unions to frame this fight as an assault on the middle class.

Let’s hope the governor changes course. Because this has all the markings of a rookie mistake. And a wounded governor will never win the tougher fight to control spending.