State of New Jersey

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April 29, 2016

Mr. Frank Haines
Legislative Budget and Finance Officer
Office of Legislative Services
State House Annex, P.O. Box 068
Trenton, NJ 08625-0068

Dear Mr. Haines:

Pursuant to your letter dated April 7, 2016, it was requested that I provide a written response to the questions posed by Chairman Schaer, Assemblyman McKeon, and Assemblyman Bucco following the April 6, 2016 hearing of the Assembly Budget Committee. The questions and their subsequent answers are as follows:

Please provide all statistical evidence that you believe points to the effects of the New Jersey estate tax on New Jersey residents' decisions to relocate to other states. Please also provide any statistics or information you believe demonstrates the impact on the State's tax revenues and economy from the phase out and repeal of the estate tax.

From 2005 to 2014, more than 2 million residents moved out of New Jersey to other states—almost 700,000 more than moved into the State during the same time period—taking with them, in net terms, $18 billion in annual adjusted gross income.[1] Each and every year going forward that is $18 billion dollars of economic activity that is no longer accruing to the benefit of New Jersey residents via additional investment, job growth and tax revenues.

As far back as these IRS domestic migration data go (1992 for income and 1986 for tax filings), there is not a single year in which New Jersey received a net gain in gross income or tax filers via migration within the United States. This is a persistent and pernicious problem that we ignore at our own peril.

Many factors go into a decision to uproot one's self, family and business. We could start at face value and listen to the numerous anecdotes of people leaving New Jersey on account of our tax climate, and particularly the transfer inheritance tax system[2], but a more rigorous approach is warranted for such an important public policy question.

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[1] Internal Revenue Service, SOI Tax Stats - Migration Data

[2] See, for instance: "7 Reasons to Leave NJ for Retirement", Bodnar Financial, April 20, 2016; Bob Ingle, "Estate Means New State for Tax-Weary NJ Retirees", Asbury Park Press, February 16, 2015; "Wealthy Avoid Taxes by Moving Assets to No-Tax States", Bloomberg News, December 29, 2013; "Exodus on the Parkway: Are Taxes Driving Wealthy Residents out of New Jersey?", Regent Atlantic, January 2014; "'Leaving Rhode Island': Policy Lessons from Rhode Island's Exodus of People and Money", Ocean State Policy Research Institute, January 2011; Peter J. Nelson, "Do Minnesotans Move to Escape the Estate Tax?", Center of the American Experiment, March 2015; James B. Stewart, "Tax Me If You Can", The New Yorker, March 19, 2012; Brendan Scott, "Billionaire Golisano Flees NY Over Tax", New York Post, May 16, 2009; Dan Haar, "Two Billionaires Head For Florida, Deepening CT's Cash Crisis", Hartford Courant, March 3, 2016.

Unfortunately, however, we do not conduct exit interviews or surveys to understand the causes of the mass exodus from New Jersey. (Perhaps we should start.) Instead, we must rely on both economic theory and interpretation of the available data. In this case, both theory and data strongly support the conclusion that New Jersey's estate tax is causing people—and resulting capital, jobs and tax revenue—to leave the State. When theory and data are aligned, the conclusion is nearly certain.

The primary lesson of economics is that people and businesses respond to incentives. In this case, the death tax is a negative incentive. Taxes, after all, are just the prices people pay for the right to live and/or work in a particular location. For the estate tax in particular, it represents the uniquely high price of dying in New Jersey.

All other things unchanged, higher prices create a tendency to consume less of something, and in virtually no cases does it create a counter incentive. This is known as the Law of Demand, and it is something that economists for centuries have considered "settled science." Raise prices of a good and people want less of it. Raise taxes in a state and people will have less of a desire to live and work there. In New Jersey, it is not a myth—it is the law, and no statute or wish to the contrary can change it.

The Law of Demand suggests that people will be more likely to establish residency in another state if it can help them leave more wealth to their heirs after-tax. The law does not say that everyone will move, but on the margin, and thus in the aggregate, people subject to the estate tax will take up residency in other states prior to their death in order to leave an additional 16% of their estate to their heirs instead of to the State of New Jersey. Particularly given there are over 30 states to which they can move in order to avoid a death tax, it should not be surprising that wealthy people would avail themselves of that relatively costless opportunity. It is also worth noting that the incentive to move increases with the size of the estate, as New Jersey tax rates rise and the federal estate tax kicks-in at higher levels of wealth.

It really is that simple, particularly for people with the means to exercise the option to "vote with their feet." These are people who create jobs and contribute the vast majority of our state tax revenues—the top 1% of taxpayers provide over 35% of the State's Gross Income Tax receipts, while just the top 100 filers (a mere 0.002% of the total) pay over 5.5% of all GIT payments. In other words, the people who have the most incentive to move in response to higher tax rates are people the State can ill-afford to lose.

And indeed, the incentive to leave on account of the New Jersey estate tax is quite strong, especially given that New Jersey also imposes an inheritance tax, making in just one of two U.S. states with multiple death taxes.

The table below compares the state estate tax liability for given size estates in New Jersey, the other 12 states and District of Columbia with a state estate tax, and those 37 states with no state estate tax. The potential savings are dramatic.

Table 1

Interstate Comparison of Estate Tax Liability for Designated Estate Profiles

	Taxable Estate Values						
State	$ 600,000	$ 750,000	$ 1,500,000	$ 4,000,000	$ 6,500,000	$ 12,500,000	$ 55,000,000
37 States with no Estate Tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Washington	-	-	-	232,440	630,280	1,779,200	10,279,200
Oregon	-	-	50,000	312,500	602,500	1,502,500	8,302,500
New Jersey	-	20,400	64,400	280,400	574,000	1,466,800	8,266,800
District of Columbia	-	-	64,400	280,400	574,000	1,466,800	8,266,800
Massachusetts	-	-	64,400	280,400	574,000	1,466,800	8,266,800
Maryland	-	-	-	280,400	574,000	1,466,800	8,266,800
New York	-	-	-	280,400	574,000	1,466,800	8,266,800
Vermont	-	-	-	280,400	574,000	1,466,800	8,266,800
Minnesota	-	-	10,000	268,000	571,200	1,464,000	8,264,000
Rhode Island	-	-	-	216,000	509,600	1,402,400	8,202,400
Hawaii	-	-	-	-	107,700	924,990	7,597,490
Delaware	-	-	-	-	509,643	1,264,483	7,126,552
Maine	48,000	60,000	120,000	160,000	390,000	1,080,000	6,180,000
Connecticut	-	-	-	146,400	366,600	1,036,200	6,136,200

Estate Tax Liability

With such large amounts of money at stake, and in keeping with economic theory, all available data point to the fact that people do indeed move in response to state-level estate taxes. To wit:

- The IRS publishes data on the collection of the federal estate tax from residents of all 50 states and the District of Columbia.[3] Only those estates subject to the federal estate tax (gross estates greater than the threshold of $5.45 million for 2016) are included in these data rather than those estates subject to tax at the state level within each individual state. In addition, because these data are inclusive of all taxable estates across the entire country, other variables affecting state location decisions (e.g. geography, climate, other state policies, levels of wealth and public services) largely cancel out. What is left is a clear picture of how Americans respond to state death taxes. Whichever way one analyzes these data (which are summarized below in both text and tabular form), they clearly display a strong tendency for high wealth individuals to move to states without a death tax.[4]
    - The average size of gross federal estate is highest in states without a death tax ($15.5 million); this is greater than the U.S. average ($14.2 million), which in turn is greater than the average size of estate in states with a death tax ($12.5 million), which is much greater still than the average size of estate in New Jersey ($10.9 million). For a State that is generally one of the wealthiest, it speaks

[3] Internal Revenue Service, SOI Tax Stats - Estate Tax Filing Year Tables.
[4] All data that follow are based upon the most recent IRS release, which documents all federal estate tax filings for calendar year 2014, based primarily upon deaths in 2013 and 2012. As Indiana, North Carolina and Ohio repealed their estate taxes as of 1/1/2013, they are accordingly counted as having a death tax. Use of an earlier year does not materially impact the results.

volumes that the average of the value of our estates is among the lowest. Clearly, people at higher incomes are moving away in the latter stages of life.

- Based purely on the size of population by state, there is a greater prevalence for estate tax filings in those states without a death tax (37.4 estates per million people) as compared to those states with a death tax (37.0 estates per million people).
- Based on the amount of total personal income by state, there is a greater prevalence for estate tax filings in those states without a death tax (0.85 estates per $1 billion of personal income) as opposed to those states with a death tax (0.76 estates per $1 billion of personal income).
- When we normalize federal estate tax filings and the average size of the gross federal estate for per capita personal income in each state[5], the results become even more stark: an average of 39.0 estate tax filings per million people at an average value of $16.0 million in states without a death tax versus 35.1 estate tax filings per million people at an average value of $11.5 million in states with a death tax. (As New Jersey enjoys high per capita personal income, our results look particularly bad when we normalize on that variable: 32.8 estates per million people at an average value of $8.7 million.)

- In concert, the greater prevalence and size of estates in non-death tax states signifies that people of high net worth are more likely to move to states without a death tax in order to avoid added tax liability at the state level. Moreover, the fact that the difference in average gross federal estate size is greater than the difference in the number of federal estate tax filers indicates that the effect is positively correlated with the size of the estate, increasing the incentive to move as levels of wealth rise.
- It is noteworthy that in each case, the performance of the death tax states is further from the national average than the performance of the non-death tax states. This feature of the spread in the state performance truly points to the pernicious nature of the tax, such that the presence of a death tax is a great deterrent for those states that continue to maintain one.
- Finally, that New Jersey so underperforms non-death tax states, the national average, and particularly the average of all death tax states, speaks to the heightened negative effects in New Jersey of having both an estate tax and inheritance tax, with accompanying high tax rates and low tax thresholds.

[5] Normalization scales the prevalence and value of estates by the percentage of the U.S. average per capita personal income. As states with higher per capita personal income, all else equal, will have more and larger taxable estates, this process helps provide further insight into the ability of an estate tax at the state level to drive residents out-of-state once they have developed a sizable net worth.

Table 2

Average Prevalence and Size of Gross Federal Estate for the 28 States without Death Taxes versus the 22 States plus the District of Columbia with Death Taxes

State Distribution	Gross Federal Estate: Average Size	Federal Estate Tax Filings Per Capita	Federal Estate Tax Filings Per State Personal Income	Federal Estate Tax Filings (Normalized Per Capita Personal Income)	Gross Federal Estate: Average Size (Normalized Per Capita Personal Income)
Average of 28 States Without Death Taxes	**$15.5 M**	**37.4 Per M**	**0.85 Per $B**	**39.0 Per M**	**$16.0 M**
Average for all 50 States Plus D.C.	$14.2 M	37.4 Per M	0.81 Per $B	37.4 Per M	$14.2 M
Average of 22 States Plus D.C. With Death Taxes	**$12.5 M**	**37.0 Per M**	**0.76 Per $B**	**35.1 Per M**	**$11.5 M**
New Jersey	**$10.9 M**	**41.1 Per M**	**0.71 Per $B**	**32.8 Per M**	**$8.7 M**

- A multitude of surveys make clear that people take into account taxes generally, and the New Jersey estate tax in particular, when making decisions about where to locate themselves and their businesses. For instance, 67% of New Jersey Business and Industry Association members reported in 2015 that "estate and inheritance taxes play a role in decision making regarding the future of their business."[6] About 46 percent of residents in New Jersey and Connecticut reported that they would move permanently to another state to escape their tax burdens, according to a Gallup Poll released in February.[7] Moreover, we know that people's accountants and tax advisors are suggesting to them that they move. In the New Jersey Society of CPA's 2015 annual survey, 74% of the responding CPAs said they have "advised a client to consider relocation due to New Jersey's estate and inheritance taxes."[8] (It should be noted that such advice is generally not in the CPA's self-interest but is being made nonetheless.)
- Looking at migration data for the cohort aged 55 to 70 is especially enlightening in trying to determine the effect of the estate tax versus all other factors, as people should become more likely to respond to the estate tax as they near retirement age. Indeed, as the working population ages, the percentage of migration that is outbound increases. From 2007 to 2014, total outward migration was nearly double (185%) that of inbound migration for the 55 to 70 cohort, with the figure for each five-year cohort in that age range higher than for any other five-year cohort of working-age population. Moreover, those tax filers leaving New Jersey were wealthier than those tax filers entering by a large factor—an average AGI of $120,041 for those

[6] New Jersey Business and Industry Association "2016 Business Outlook Survey", December 2015.
[7] Stephanie Marken and Zac Auter, "In U.S., State Tax Burden Linked to Desire to Leave State", Gallup, February 12, 2016.
[8] New Jersey Society of Certified Public Accountants, "2015 Member Survey Marginal Frequency Report", January 2016.

leaving and $95,977 for those entering over the 2011 to 2014 period. In addition, more of those tax filers leaving choose to go to states without death taxes. Exempting our neighboring states of New York and Pennsylvania due to proximity (each of which also has more forgiving policies vis-à-vis estates and retirement income), 73% of those leaving the State move to states without estate taxes. In other words, not only are nearly twice as many people of retirement age leaving New Jersey as are entering, but those leaving are wealthier than those entering, and they are leaving to states without death taxes. Again, this is a fact pattern that clearly shows a sensitivity to New Jersey's estate tax, just as theory and common sense would predict.[9]

- In Connecticut, as part of a Department of Revenue Services effort, they did actually survey taxpayers who stopped filing as Connecticut residents. The survey found that 52.6% of respondents left the state primarily due to the Connecticut estate tax and over 75% cited the estate tax as one of the reasons for their departure.[10] It should be noted that Connecticut found such a strong negative effect of its state estate tax despite having both a higher threshold and lower rate than exists in New Jersey.

Both the economic theory and the available data point to the harmful impact of state level death taxes. That is particularly true in New Jersey, where theory would anticipate an even stronger incentive for people to leave given multiple taxes at high rates and low thresholds and data that correspond to theory. When theory and data line up, conclusive contradictory evidence is required in order to reject the theory. In this case, there is not a shred of evidence to suggest people do not move on account of the estate tax, whereas both theory and the data indicate they do move.

Science therefore dictates that we must hold people do indeed leave New Jersey on account of the estate tax. The argument against elimination of the estate tax thus follows the old legal maxim: "If you have the law, hammer the law. If you have the facts, hammer the facts. If you have neither the law nor the facts, hammer the table."

Moving to the crux of the matter, because so many people most clearly do move their families, businesses and capital on account of state death taxes, the states that maintain such policies suffer. As displayed in the table below, states without death taxes outperform those that have them when it comes to population growth, migration patterns, employment growth, personal income growth, gross state product growth, and even state and local tax revenue growth.

[9] Internal Revenue Service, SOI Tax Stats - Migration Data.
[10] "Estate Tax Study", Connecticut Department of Revenue Services, February 1, 2008. http://www.ct.gov/drs/lib/drs/research/estatetaxstudy/estatetaxstudyfinalreport.pdf

Table 3

Growth in Economic and Social Indicators for the 28 States without Death Taxes versus the 22 States plus the District of Columbia with Death Taxes[11]

State Distribution	Population	Net Domestic In-Migration	Nonfarm Payroll Employment	Personal Income	Gross State Product	State & Local Tax Revenue
Average of 28 States Without Death Taxes	**9.4%**	**2.0%**	**5.6%**	**43.2%**	**36.6%**	**53.2%**
Average for all 50 States Plus D.C.	7.9%	0.7%	4.4%	40.5%	33.8%	48.9%
Average of 22 States Plus D.C. With Death Taxes	**6.1%**	**-0.9%**	**2.9%**	**37.2%**	**30.5%**	**43.7%**

In other words, rather than accomplishing the assumed goal of raising revenues via a redistribution of wealth, death taxes at the state level primarily serve to redistribute people, severely harming the State in the process by depriving its citizens of businesses, jobs and tax revenues. New Jersey would thus be better off economically following elimination of the estate tax, stemming outmigration and increasing the levels of capital, output, jobs and tax revenue in New Jersey.

In sum, there is no debate. Both theory and data make clear that people move in response to state death taxes.[12] In this process the states that maintain such taxes suffer. The maintenance of the New Jersey estate tax is thus a lose-lose proposition with no possible reasonable justification.

Please review the list of 115 tax and fee increases the Governor referred to in the 2016 State of the State address, as well as the 27 tax and fee increases referred to by Assemblyman McKeon, first assumed in the FY 2015 budget (list attached). Please indicate which, if any, of those items are no longer included in revenues supporting the FY 2017 budget.

Actually, the Legislature may have enacted or authorized more than 115 tax and fee increases in the 8 year period prior to the commencement of Governor Christie taking office in 2010. These tax increases represented more than $4 billion of annual tax burdens on individuals, businesses, and estates. They were established in many different enactments including, but not limited to: P.L. 2009, c. 90, (A-4048 – Roberts/Coutinho/Lesniak); P.L. 2008, c. 17, (Albano/ Oliver/Greenstein); P.L. 2004, c. 43, A-3102 - Caraballo/Lesniak); P.L. 2006, c. 40, A-4709 – Caraballo/B. Smith); P.L. 2008, c. 32, A-2807 –

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[11] Time Frame for all Indicators is 2005 – 2014 except for State & Local Tax Revenue which is for 2004 – 2013. Indiana, North Carolina and Ohio repealed their estate tax effective 1/1/2013; Tennessee completed a phase-out of their estate tax as of 1/1/2016; for the purposes of this table these four states have been counted as having an estate tax since that is a small portion of the time period. Counting those four states as not having a death tax, however, would not materially change the results.

[12] For peer-reviewed research reaching a similar conclusion, see for instance: "Do the Rich Flee from High State Taxes? Evidence from Federal Estate Tax Returns", Jon Bakija and Joel Slemrod, National Bureau of Economic Research, 2004; Karen Conway and Andrew Houtenville, "Out with the Old, In with the Old: A Closer Look at Younger Versus Older Elderly Migration", Social Science Quarterly, 2003; Douglas Holtz-Eakin and Donald Marples, "Estate Taxes, Labor Supply, and Economic Inefficiency," American Council for Capital Formation, Center for Policy Research Special Report, 2001.

Quigley/Lesniak); P.L. 2007, c. 347, (A-3572 – Gusciora/Barnes/McKeon); P.L. 2007, c. 311, (A-1886 – McKeon/Gusciora; P.L. 2007, c. 340, (A-4559 – Chivukula/McKeon/ Stender); P.L. 2006, c. 39, (A-4707 – Greenwald/ Lesniak) P.L. 2005, c. 130 (A-4404 - Sires); P.L. 2005, c. 128, (A-4401 - Roberts/Cohen/Buono); P.L. 2004, c. 66, (A-3115 - Cryan/Kenny); P.L. 2004, c. 66, (A-3115 - Cryan/Kenny); P.L. 2004, c. 69, (A-3114 - Barnes/Bryant); P.L. 2004, c. 47, (A-3110 - Watson Coleman/Johnson/Kenny); P.L. 2004, c. 65, (A-3111 - Sires/Cohen/Bryant); P.L. 2004, c. 43, (A-3102 - Caraballo/Lesniak); P.L. 2006, c. 40, (A-4709 – Caraballo/Bob Smith); P.L. 2004, c. 50, (A-3117 - McKeon/Bob Smith); P.L. 2004, c. 53, (A-3125 - Cryan/Bryant); P.L. 2003, c. 114, (A-3710 - Roberts/Impreveduto/Bryant); P.L. 2003, c. 117, (A-3719 – Caraballo/Codey); P.L. 2003, c. 105, (A-3686 - Watson Coleman/Conaway/Kenny; P.L. 2004, c. 41 (A-3051 – Conaway/Watson Coleman/Kenny); P.L. 2002, c. 31 (A-2302); P.L. 2002, c. 40 (A-2501 - Sires/Roberts/Kenny); P.L. 2002, c. 33 (A-2504 - Weinberg)

The Governor's budget proposal for 2017 reflects a significant decrease in revenues attributable to the specific tax increases enacted prior to the commencement of his administration. Our estimate is that up to $2 billion has been repealed. This is due to the fact that many tax increases have since sunset, or been repealed or reduced. Taxes that have sunset, or been repealed or reduced, include, but are not limited to: income taxes, business taxes, energy taxes, and payroll taxes.

Unfortunately, there is a category of tax increases that cannot be reduced. For example, in 2004 and 2005 taxes were raised on motorists and smokers and the revenue was contractually pledged at the time to bondholders for the next 20 years to pay off billions of dollars of debt issued for one-time operating expenses.

There is also a category of these tax increases that were, and continue to be, outside of the State budget. These taxes include parking tax increases that support the budgets of Elizabeth and Newark and payroll taxes that support the Paid Family Leave Fund.

It is regrettable that the Legislature has not acted on other proposals to reduce these or other taxes. At various points during the administration, the Governor has proposed reductions in income taxes and business taxes, but such proposals were not embraced by the Legislature. As with the Governor's most recent proposal to eliminate the estate tax (one of the taxes increased in the 8 years prior to the commencement of Governor Christie's administration) the Governor will continue to work with the Legislature to roll back as many taxes as possible to continue his course of action to decrease tax burdens that discourage people and businesses from locating, or remaining, in New Jersey.

The overwhelming number of tax increases prior to the commandment of this administration and time constraints associated with this and other legislative inquiries does not allow for a more exhaustive review of individual disposition, though we are confident such a review could be undertaken by the Office of Legislative Services in the months to come if the Legislature so desires.

The list of 27 tax and fee increases referred to by Assemblyman McKeon does not appear to be accurate. Many of the listed fees have not been increased.

Pursuant to article VIII, Section II, paragraph 6 of the State Constitution, four percent of the revenue annually derived from the corporation business tax (CBT) is dedicated for open space and other environmental-related purpose. Please provide a breakdown of the appropriations of these funds in FY 2016 and expenditures to date.

Below is a breakout of current FY16 CBT appropriations and expenditures to date (as of 4/8/2016):

Program	Appropriation	Expenditure
Hazardous Substance Discharge Remediation	5,642,000	5,642,000
Hazardous Substance Discharge Remediation – Loans and Grants	11.285,000	-
Private Underground Storage Tanks	10,156,000	-
Water Resources Monitoring and Planning	5,642,000	3,500,303.92
Recreational Land Development and Conservation	13,931,000	2,695,980.60
Parks Management	19,972,000	17,148,564.14
Open Space, Farmland and Historic Preservation	Not yet appropriated	-

Any unexpended balances at the end of the fiscal year will automatically carry forward into fiscal 2017. The Governor's Fiscal Year 2016 Budget Message also included a recommended appropriation of $46,219,000 for Open Space, Farmland, and Historic Preservation purposes. This appropriation was removed by the Legislature in the Fiscal Year 2016 Appropriations Act, and has yet to be appropriated.

Due to updated CBT revenue projections, the amount dedicated for Open Space, Farmland, and Historic Preservation in Fiscal Year 2016 is now $40,457,000. Because the appropriation is constitutionally dedicated, if it is not appropriated in Fiscal Year 2016, the balance will accumulate and continue into Fiscal Year 2017.

The Blue Acres Program is part of New Jersey's Green Acres Program that purchases flood-prone properties. Please provide a status update regarding the Blue Acres Program, including the amount of funding available for the program and the amount of funding that has been disbursed.

The Department of Environmental Protection has currently identified $292.3 million for the Sandy Blue Acres Buyout Program: $169.1 obligated to date from the FEMA HMGP program; $100 million obligated to date from CDBG-DR; and $23.2 million from the 2007 and 2009 general obligation bond funds.

The amount of funding disbursed, or under contract for disbursement, to date is $127.5 million.

The amount remaining for disbursement is $164.8 million, divided across various funding sources as follows: $54.4 million FEMA HMGP; $92.6 million CDBG-DR; and $17.8 million bond funds.

Please provide data on the incidence of the New Jersey estate and inheritance taxes on New Jersey farm properties. If possible, please stratify recent tax years' collections by farm value, and the number of estates comprising farm properties that pay these taxes annually.

There is no differentiation on the Transfer Inheritance and Estate tax returns between farm property and any other real property, nor is any other data on the different types of property within each classification and the tax consequences of each. However, given estates are subject to taxation beginning at gross table estate of $675,000, it is safe to assume that substantially all farms in New Jersey are subject to the estate tax.

Please provide information regarding the fiscal impact of phasing out the estate tax. Please include estimates for each year of the phase out and annual impact of the phase out has been completed.

The annual impact of a phase-out of the estate tax will depend upon the length of time until the tax is eliminated and the specifics of the intermediate steps. Along the path toward elimination, the impact in any individual fiscal year will be reduced if the dates for each step of the phase-out are set on a calendar year basis. In addition, per the discussion above, it is worth noting that the foregone revenues from the estate tax would not represent the full fiscal impact, as additional economic activity would ensue in New Jersey on account of the elimination of the estate tax, all of which would generate new tax revenue across the other taxes levied by the State.

Please provide FY 2015 data on estate tax collections and inheritance tax collections as that data is presented in the OLS Tax and Revenue Outlook for FY 2014.

The requested data for FY2015 on Estate and on Transfer Inheritance taxes is provided below. However, as we review the FY2014 data provided in the OLS document it is clear that that data is preliminary and has been superseded by more timely and accurate figures. Updated figures on both taxes for FY2014 is provided below as well.

INHERITANCE TAX					
BREAKDOWN BY YEAR, TAX AND ESTATE SIZE*					
FY2014					
NET ESTATE	#RETURNS	% of all RETURNS	TAX	% TAX REVENUE	AVERAGE
>$5,000,000	103	1.6%	41,424,371	12.4%	402,178
$2.5M -$5.0M	233	3.6%	56,378,587	16.9%	241,968
$1M - $2.5M	941	14.5%	109,993,154	32.9%	116,890
$500K-$1M	1432	22.1%	72,442,683	21.7%	50,588
$100K-$500K	2735	42.3%	51,977,333	15.5%	19,005
<$100,000	1027	15.9%	2,236,648	0.7%	2,178
totals:	6,471		334,452,776		51,685
FY2015					
NET ESTATE	#RETURNS	% of all RETURNS	TAX	% TAX REVENUE	AVERAGE
>$5,000,000	126	2.0%	49,819,384	14.6%	395,392
$2.5M -$5.0M	245	3.9%	58,569,942	17.2%	239,061
$1M - $2.5M	824	13.3%	106,469,688	31.3%	129,211
$500K-$1M	1224	19.7%	66,082,416	19.4%	53,989
$100K-$500K	2436	39.2%	55,347,083	16.3%	22,720
<$100,000	1353	21.8%	3,810,674	1.1%	2,816
totals:	6,208		340,099,187		54,784

NJ ESTATE TAX
BREAKDOWN BY YEAR, TAX AND ESTATE SIZE*

FY2014

NET TAXABLE ESTATE	#RETURNS	% of all RETURNS	TAX	% TAX REVENUE	AVERAGE
>$5,000,000	123	3.5%	122,302,223.00	38.5%	994,327
$2.5M -$5.0M	317	9.1%	66,777,539.00	21.0%	210,655
$1M - $2.5M	1,631	46.9%	99,534,183.00	31.3%	61,026
$675k - 1 MILLION	1,404	40.4%	29,465,802.00	9.3%	20,987
totals:	3,475		318,079,747		91,534

FY2015

NET TAXABLE ESTATE	#RETURNS	% of all RETURNS	TAX	% TAX REVENUE	AVERAGE
>$5,000,000	114	3.1%	260,429,062.00	55.5%	2,284,465
$2.5M -$5.0M	361	10.0%	72,630,320.00	15.5%	201,192
$1M - $2.5M	1,731	47.8%	106,355,917.00	22.7%	61,442
$675k - 1 MILLION	1,417	39.1%	29,766,847.00	6.3%	21,007
totals:	3,623		469,182,146		129,501

Sincerely,

Ford M. Scudder
Acting State Treasurer