

Fast Facts: In Every County, Very Few New Jerseyans Owe Estate Tax

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Eliminating New Jersey's estate tax would seriously threaten support for the foundations of the state's prosperity – like public colleges, safe communities and health care – all to save money for a very few of the state's wealthiest households.

Each year about 70,000 people in New Jersey die. On average, of the between 3,000 and 4,000 of the estates they leave – just 4 or 5 percent – owe any estate tax. These estates worth more than \$675,000 belong to New Jersey's wealthiest households.¹

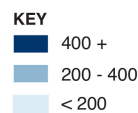
This means that in 20 of 21 New Jersey counties, fewer than 400 estates are large enough to owe the New Jersey estate tax in any given year, according to state Division of Taxation data.² This ranges between 2.2 percent (in Hudson County) and 9.1 percent (in Morris and Somerset Counties) of annual deaths in each county.³

The taxes that these heirs and heiresses pay on the wealth they inherit are an important – and growing – source of revenue that pays for priorities that benefit all New Jerseyans and help create more opportunities and shared prosperity. Eliminating the estate tax would leave New Jersey with \$550 million less each year to help make our colleges affordable, our water and air cleaner, and our safety net stronger, according to independent legislative estimates.⁴

Few New Jerseyans Pay the Estate Tax

Eliminating New Jersey's estate tax would benefit very few taxpayers in nearly all of the state's counties.

All but 1 New Jersey county has fewer than 400 people who pay the estate tax in any given year, 6 have between 200 and 400, and 14 have fewer than 200.



Source: NJPP analysis of NJ Division of Taxation data for Fiscal Years 2013-2015

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The dearth of residents across the state who owe the estate tax calls into question the claim that its elimination qualifies as “tax fairness” that would help the middle class. Rather, a look at who actually pays estate tax reinforces that wiping it off the books would benefit the fortunate few and do actual harm to rest of New Jerseyans.

The facts also debunk another claim made by proponents of eliminating the estate tax: that the number of New Jersey taxpayers subject to the tax is low because so many older people leave the state to avoid the tax. In fact, the revenue collected from New Jersey’s estate tax, and the related but separate inheritance tax, has grown by 44 percent in the past 13 years.⁵ It is unlikely this would happen if people are fleeing New Jersey to avoid these taxes. And the state budget Gov. Christie proposed three months ago for the fiscal year that starts July 1 anticipates even more revenue from these taxes – an all-time high of \$848 million.⁶ The Office of Legislative Services 2017 estimate is now even higher, at \$880 million.⁷

Some supporters of eliminating New Jersey’s estate tax think it must be part of a package deal to increase the fuel taxes needed to repair and maintain New Jersey’s deteriorating highway and transit networks. If real “tax fairness” is the goal, it would be better served by enacting an increase in the state’s Earned Income Tax Credit. Raising the state EITC would help nearly 600,000 households, all of which include people who work but are paid wages too low to make ends meet. This would help offset the fact that low-income and working-class New Jerseyans would pay a higher share of their yearly earnings in fuel taxes than would more well-off households.⁸ Increasing the EITC would cost the state about one-tenth as much as eliminating the estate tax, and it would help far more New Jerseyans in every county.

Number of Estate Tax Payers Pales in Comparison to Number of EITC Recipients

County	EITC Recipients	Estate Tax Payers	County	EITC Recipients	Estate Tax Payers
Atlantic	24,141	82	Middlesex	43,076	259
Bergen	38,577	578	Monmouth	23,958	325
Burlington	21,058	148	Morris	14,103	327
Camden	36,926	122	Ocean	27,301	277
Cape May	6,038	69	Passaic	46,071	141
Cumberland	12,760	31	Salem	4,352	17
Essex	70,961	244	Somerset	11,396	198
Gloucester	14,189	69	Sussex	5,057	39
Hudson	58,125	82	Union	37,217	237
Hunterdon	2,822	65	Warren	4,641	34
Mercer	21,230	134			

Source: NJPP analysis of Brookings Institute, Earned Income Tax Credit Interactive and Resources, for tax year 2013, April 15, 2015 and 2012 state EITC data, NJ Treasury and NJ Division of Taxation estate tax data for Fiscal Years 2013-2015

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Endnotes

¹ New Jersey Policy Perspective, *Eliminating the Estate Tax: Like Robin Hood in Reverse*, January 2016. <http://www.njpp.org/reports/eliminating-new-jerseys-estate-tax-like-robin-hood-in-reverse>

² Using the Open Public Records Act, NJPP obtained information from the Division of Taxation that breaks down how many taxpayers in every county paid the estate tax in Fiscal Years 2013, 2014 and 2015. We use a three-year average of those figures in this analysis.

³ NJPP analysis of number of deaths per county 2011-2013, as reported in the New Jersey Department of Health's *New Jersey Death Certificate Database*, available at <https://www26.state.nj.us/doh-shad/resources/BirthDeathData.html>

⁴ New Jersey Office of Legislative Services, *Legislative Fiscal Estimate of S-1728*, March 2016. http://www.njleg.state.nj.us/2016/Bills/S2000/1728_E1.PDF

⁵ NJPP analysis of annual Comprehensive Annual Financial Reports, available at <http://www.nj.gov/treasury/omb/publications/archives.shtml>

⁶ State of New Jersey, *The Governor's FY2017 Budget Summary*, February 2016. <http://www.nj.gov/treasury/omb/publications/17bib/BIB.pdf>

⁷ New Jersey Office of Legislative Services, *Remarks of Frank Haines, Legislative Budget and Finance Officer to the Senate Budget and Appropriations Committee*, May 2016. http://www.njleg.state.nj.us/legislativepub/budget_2017/Haines_testimony_05182016.pdf

⁸ New Jersey Policy Perspective, *Tax Increase to Fund Transportation Should Be Combined with Credit to Help Low-Income Families*, January 2015. <http://www.njpp.org/reports/tax-increase-to-fund-transportation-should-be-combined-with-credit-to-help-low-income-families>