

## How Does New Jersey's Business Tax Climate Rank?

by KENNETH C. OH on OCTOBER 22, 2012

New Jersey topped New York in a recent ranking of business friendliness performed by the Tax Foundation. However, the Empire State was the only one that New Jersey, coming in at 49th in the country, beat out.

The State Business Tax Climate Index examines 118 different variables in the five areas of taxation (major business taxes, individual income taxes, sales taxes, unemployment insurance taxes, and property taxes) and creates an overall score for each state. The states are then compared against each other and ranked accordingly.

The states earning the top spots in the 2013 Index included Wyoming, South Dakota, Nevada, Alaska, and Florida. Joining New York and New Jersey in the bottom five were Rhode Island, Vermont, and California.

New Jersey's low ranking is attributed to its high property, income, and corporate tax rates, according to the Tax Foundation. "New Jersey still has some of the highest property taxes in the country. In fact, per capita, state residents pay \$2,671 per capita, that's about 5.3 percent of personal income. Some of the other reasons include a high income tax rate and a high corporate tax rate," said Scott Drenkard, an economist at the Tax Foundation.

For optimists, the report found that the tax climate in New Jersey has not worsened over the last year, crediting a defeated measure that would have imposed a "millionaire tax." Meanwhile, in New York, the report found that the tax climate did decline after new tax laws were imposed, leading to its last place ranking.

Source: [NJ1015.com](http://NJ1015.com)

*If you have any questions about this report or would like to discuss how to lessen the impact of New Jersey's business tax laws on your company, please contact me, [Kenneth Oh](#), or the [Scarinci Hollenbeck](#) attorney with whom you work.*