



# New York Governor Cuomo Blames Exodus of Wealthy on Trump

New York Governor Andrew Cuomo [blamed](#) his state's revenue shortfall of \$2.8 billion on Donald Trump during a press conference on Monday, stating,

There is no doubt that the budget we put forward [\$175 billion for fiscal year 2019-20] is not supported by the revenues. It's as serious as a heart attack...

SALT [which capped deductions for state income and local property taxes for the wealthy in Trump's tax reform act] was an economic civil war. It literally restructured the economy to help red [Republican] states at the cost of blue [Democrat] states.

That's exactly what it did. It was a diabolical, political maneuver.



Cuomo could have accepted the blame for the state's ongoing exodus (out-migration) of wealthy individuals by pinning the blame where it belonged: on his state's increasingly unfavorable environment for them thanks to its high taxes. Instead, he said he did the right thing by extending the temporary "millionaires' tax" levied following the financial crisis a decade ago, and signing into law a bill raising sales tax rates to 8.82 percent.

In other words, Cuomo attacked the very people he needed the most to pay for his spending bill: the top one percent of New York's taxpayers that account for almost half of the state's tax revenues.

Cuomo complained that since the exodus doesn't "support" his budget, he is going to have to cut it somewhere, and has until February 15 to come up with a new plan.

Outmigration of the wealthy from the Empire State has been going on for years, and the SALT limitation was, for many, just the final straw. It has spawned a new industry: advisors helping the wealthy escape to warmer and friendlier tax climes, such as Miami, Phoenix, and Las Vegas.

In December, Edmund McMahon, research director of the Empire State Center for Public Policy, put the numbers on that outmigration: "During the 12 months ending July 2018, 180,306 more residents moved out of New York State than moved in from the rest of the country.... New York was one of only nine states to experience a population decline during this period." He estimates the emigration from New York since 2010 has been 1.2 million people.

And a lot of them are headed for Florida. According to Census data released in December, Florida had the highest level of net domestic migration from July 2017 to July 2018, while New York during that



Written by [Bob Adelman](#) on February 5, 2019

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same period was the largest overall population loser.

It's not hard to discern why: According to the Tax Foundation, Florida is ranked fourth on its list of the 10 best states from a tax perspective, while New York is ranked 48th. This ranking comes from analyzing corporate taxes, individual income taxes, sales taxes, property taxes, and unemployment insurance taxes. Florida ranks near the top in nearly all categories, while New York ranks near the bottom.

Even Cuomo admitted that it is tough to compete with Florida's climate, both weather and fiscal: "A taxpayer in Florida would see no increase [in taxes], probably would see a decrease, and Florida also has the advantage of no estate tax."

New York is just one of several northeastern states whose populations are shrinking as residents head for warmer and friendlier environs. Tax Foundation lists New Jersey dead last on its list, and explains why:

The states in the bottom 10 tend to have a number of afflictions in common: complex, nonneutral taxes with comparatively high rates.

New Jersey, for example, is hampered by some of the highest property tax burdens in the country, recently implemented the second highest-rate corporate income tax in the country, levies an inheritance tax, and maintains some of the nation's worst-structured individual income taxes.

As mentioned above, this out-migration from high-tax states has been going on for years, long before Trump's tax reform. But with the SALT deductions capped, it is likely to continue and even accelerate. Since 2007, Texas and Florida (neither of which have a state income tax) have gained 1.4 million and 850,000 residents, respectively, from other states. California and New York have jointly lost more than 2.2 million residents. Arthur Laffer and Stephen Moore estimated that about 3.5 million Americans, on net, have relocated from the highest-tax states to the lowest-tax states, with another 800,000 or more likely to move in the next three years.

The real reason the wealthy are increasingly moving to places such as Miami, Phoenix, and Las Vegas is *because they can*. They are, by and large, highly flexible and mobile, and many are driven by Rule Number One for getting and staying rich: Cut your expenses. The fact that the weather might be nicer there is just a bonus (and tax-free at that).

Cuomo has no one to blame but himself and his fellow Democrats. Typical of a politician, that's why he tried to put the blame on Trump for his state's revenue shortfalls.

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