

REMARKS OF GOVERNOR THOMAS H. KEAN

SIGNING OF A. 1831

A BILL TO PHASE DOWN THE TRANSFER INHERITANCE TAX

PARAMUS, NEW JERSEY

FEBRUARY 27, 1985

GOOD MORNING.

COMPETITION IS WHAT'S MADE NEW JERSEY GREAT.

WE'RE A STATE FULL OF COMPETITORS.

AND WE'RE A STATE THAT CAN COMPETE WITH ANY OTHER.

IT'S NO SECRET THAT THIS IS A GOLDEN ERA FOR NEW JERSEY.

OUR ECONOMY IS BOOMING. WE'RE GROWING AGAIN -- REVERSING
THE DECLINE OF A FEW YEARS AGO. WE'RE ATTRACTING JOBS IN
RECORD NUMBERS. NEW JERSEY, TO THE SURPRISE OF SOME, IS
PROVING TO BE A TOUGH COMPETITOR.

AND IN THE COMPETITION FOR JOBS -- AND FOR JOB CREATORS
-- PROBABLY THE SINGLE MOST IMPORTANT FACTOR IS TAXES.

LOWER TAXES MEANS MORE JOBS. AND VICE VERSA.

WELL, WE'RE HERE TODAY TO STRIKE A BLOW FOR LOWER TAXES.

WE'RE HERE TODAY TO REPEAT A MESSAGE I'VE BEEN REPEATING SINCE I BECAME GOVERNOR: NEW JERSEY IS READY TO COMPETE. AND WE'RE DETERMINED TO KNOCK DOWN ANY OBSTACLES THAT HAMPER OUR ABILITY TO DO SO.

FOR YEARS, ONE NEW JERSEY TAX THAT HAS BEEN TOO HIGH IS THE TRANSFER INHERITANCE TAX. IT HAS HURT OUR ABILITY TO COMPETE WITH OTHER STATES. IT HAS DRIVEN SOME OF OUR MOST PRODUCTIVE CITIZENS OUT OF THE STATE. IT HAS STUNG SMALL BUSINESSES ESPECIALLY HARD. AND IT HAS PENALIZED FARMERS.

THE INHERITANCE TAX IS AN ANTI-SENIOR CITIZEN TAX. IT TAKES AWAY FROM WHAT YOU CAN LEAVE TO YOUR SPOUSE. TO YOUR CHILDREN. TO YOUR GRANDCHILDREN.

WELL, NO MORE.

TODAY, WE'RE GOING TO CUT THAT INHERITANCE TAX.

BY SIGNING THIS BILL, WE'RE GOING TO ELIMINATE THE INHERITANCE TAX FOR THE VAST MAJORITY OF TAXPAYERS WHO NOW HAVE TO PAY IT.

TODAY, WE'RE STRIKING A BLOW FOR NEW JERSEY'S SENIOR
CITIZENS;

FOR NEW JERSEY SMALL BUSINESSES;

FOR NEW JERSEY FARMERS;

FOR NEW JERSEY TAXPAYERS!!

WITH THE STROKE OF MY PEN THIS MORNING, THE INHERITANCE
TAX FOR SPOUSES WILL BE ELIMINATED -- AND THAT ELIMINATION
WILL BE RETROACTIVE TO JANUARY 1ST OF THIS YEAR.

STARTING JULY FIRST OF THIS YEAR, THE BILL BEGINS TO
PHASE OUT THE INHERITANCE TAX FOR PARENTS, GRANDPARENTS,
CHILDREN, AND GRANDCHILDREN. BY JULY FIRST, 1988, THE TAX
WILL BE TOTALLY ELIMINATED FOR THEM.

FINALLY, THIS BILL PROVIDES FOR AN EXEMPTION OF \$25,000
FROM THE INHERITANCE TAX FOR BROTHERS, SISTERS, AND
SURVIVING SPOUSES OF CHILDREN AFTER JULY FIRST, 1988.

THESE CHARTS SHOW THE AMOUNT OF TAX RELIEF WE ARE GIVING TO THE PEOPLE OF NEW JERSEY WITH OUR ACTION TODAY.

THIS YEAR, THE VALUE OF THIS TAX CUT IS \$37 MILLION -- THE VAST MAJORITY OF THAT BEING FOR SPOUSES.

IN 1986, THE VALUE OF THE TAX CUT GROWS TO \$56 MILLION, AS WE CONTINUE TO PHASE IN OTHER IMMEDIATE FAMILY.

IN 1987, THE TAX CUT IS \$70 MILLION.

IN 1988, \$86 MILLION.

IN 1989, \$97 MILLION.

IN 1990, \$103 MILLION.

AND IN 1991, \$109 MILLION.

IN ALL, OVER SEVEN YEARS, THE BILL I AM SIGNING TODAY IS A TAX CUT OF OVER A HALF-BILLION DOLLARS -- \$558 MILLION, TO BE EXACT.

IT IS A MAJOR PART OF THE PROGRAM I OUTLINED IN MY BUDGET MESSAGE TO THE LEGISLATURE LAST MONTH -- A PROGRAM HIGHLIGHTED BY A \$2 BILLION TAX CUT; WITH OVER THREE-QUARTERS OF A BILLION IN TAX RELIEF IN THIS COMING YEAR ALONE.

MOST IMPORTANTLY, THIS BILL BRINGS US INTO LINE WITH --
OR IN MANY CASES UNDER -- THE TAX STRUCTURES OF OTHER STATES.

IT WILL STEM THE FLIGHT OF PRODUCTIVE CITIZENS, OF CAPITAL,
AND OF SOME ELDERLY NEW JERSEYANS THAT OUR OLD INHERITANCE
TAX STRUCTURE WAS CAUSING.

IT'S PART OF OUR DRIVE TO BUILD A BETTER NEW JERSEY --
THROUGH BEING A LOW-TAX STATE; THROUGH BEING A COMPETITIVE
STATE.

AT THE SAME TIME, I WANT TO POINT SOMETHING OUT. WHILE
THIS BILL WILL HELP KEEP CAPITAL IN THE STATE, IT IS NOT
SIMPLY A RICH MAN'S TAX THAT WE ARE CUTTING.

ACCORDING TO FIGURES FROM OUR DIVISION OF TAXATION,
OVER 90% OF THE CLASS A BENEFICIARIES NOW PAYING THIS TAX --
WHICH MEANS SPOUSES, PARENTS, GRANPARENTS, CHILDREN, AND
GRANDCHILDREN -- ARE MIDDLE AND LOW INCOME TAXPAYERS.

AND TWO-THIRDS OF THE CLASS A TAX RELIEF IN THIS BILL
IS GOING TO THESE SAME MIDDLE AND LOW INCOME PEOPLE.

FINALLY, THIS BILL IS A PRODUCT OF BI-PARTISAN EFFORT
-- A TRIBUTE TO BI-PARTISAN COOPERATION IN MAKING NEW JERSEY
A MORE ATTRACTIVE PLACE TO LIVE AND WORK.

I WANT TO PAY PARTICULAR THANKS TO THE BILL'S CHIEF
SPONSORS -- SENATOR GARRY HAGEDORN AND ASSEMBLYMAN JOHN PAUL
DOYLE -- WHO CHAMPIONED THIS CAUSE IN THE LEGISLATURE AND
STEERED THE BILL THROUGH TO PASSAGE.

AND I WANT TO ADD A NOTE OF THANKS TO AL VUOCOLO OF MY
STAFF -- WHO'S BEEN WORKING ON THIS BILL FROM THE DAY HE
ARRIVED IN THE STATE HOUSE.

NOW, THE DAY TO CUT THE INHERITANCE TAX HAS ARRIVED.

PERSONALLY, IT'S A HAPPY DAY FOR ME. THIS IS SOMETHING
I HAVE WANTED TO DO SINCE I BECAME GOVERNOR.

IT'S SOMETHING THAT'S GOOD FOR NEW JERSEY. GOOD FOR
JOBS. GOOD FOR SMALL BUSINESS. GOOD FOR SENIOR CITIZENS.

NOW, LET'S SIGN THE BILL TO CUT THIS TAX DOWN TO SIZE.
A VERY TINY SIZE.

THANK YOU.