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Revenge of the Laffer Curve

by [Dan Mitchell](#)

It seems New York politicians are running into a slight problem with the Laffer Curve. According to an [AP report](#), the state's 100 richest taxpayers have paid \$1 billion less than expected following a big tax hike. The story notes that several rich people have left the state, and all three examples are about people who have redomiciled in Florida, which has no state income tax. Other rich people, of course, stay in New York but choose to earn less taxable income. With Obama planning big tax rate increases, we may see the same thing happening for the entire country. For more background information on why higher taxes on the rich do not necessarily raise revenue, see this three-part Laffer Curve video series ([here](#), [here](#), and [here](#)):

Early data from New York show the higher tax rates for the wealthy have yielded lower-than-expected state wealth. ... Paterson said last week that revenues from the income tax increases and other taxes enacted in April are running about 20 percent less than anticipated. The concern about millionaire flight has prompted some states, including New York, New Jersey and California, to increase the highest tax rates only temporarily. ... "People aren't wedded to a geographic place as they once were. It's a different world," said New York Lt. Gov. Richard Ravitch. He said last year's surcharge on income taxes, set to last three years, won't likely meet expectations. So far this year, half of about \$1 billion in expected revenue from New York's 100 richest taxpayers is missing. ... State officials say they don't know how much of the missing revenue is because any wealthy New Yorkers simply left. But at least two high-profile defectors have sounded off on the tax changes: Buffalo Sabres owner Tom Golisano, the billionaire who ran for governor three times and who was paying \$13,000 a day in New York income taxes, and radio talk-show host Rush Limbaugh. Golisano changed his official address to Florida, and Limbaugh, who also has a Florida home, announced earlier this year that he was relinquishing his home in Manhattan. Donald Trump told Fox News earlier this year that several of his millionaire friends were talking about leaving the state over the latest taxes. ... And it's not just the well-known leaving. Nancy Bell is moving her Science First manufacturer of scientific products from the Buffalo site her father founded in 1960 to Florida. ... "It was the higher tax brackets, the so-called millionaire's tax" that forced the move, she said. "We feel we have to look to the future ... I'm leaving wonderful, wonderful friends. It's not our first choice. It's our 100th." Maryland enacted higher tax rates for wealthier residents in 2008 to boost revenues but income from those taxes is down 6.7 percent so far this year.



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[Cowboy Logic](#) 81p · 4 hours ago

+4


It is one thing for rich people to leave New York, to avoid paying taxes. Moving to a state with no or less taxes is purely an economic and business decision. It is quite different to stay in New York and refuse to pay taxes, or cheat on ones taxes, especially if it is a systematic pattern going on over forty years.

<http://www.nypost.com/p/news/opinion/opedcolumnis...>

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 guest · 3 hours ago

+1

Obama's team has problems reporting taxable income.
Geithner and Rangel are poster children for the new left. Leona Helmsley said, only little people pay taxes.

Reply

 stjoseph4562 · 3 hours ago

+1

Profound paragraph:

"You cannot legislate the poor into freedom by legislating the wealthy out of freedom. What one person receives without working for, another person must work for without receiving. The government cannot give to anybody anything that the government does not first take from somebody else. When half of the people get the idea that they do not have to work because the other half is going to take care of them, and when the other half gets the idea that it does no good to work because somebody else is going to get what they work for, that my dear friend, is about the end of any nation. YOU CANNOT MULTIPLY WEALTH BY DIVIDING IT."

Dr. Adrian Rogers, 1931

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+2

"YOU CANNOT MULTIPLY WEALTH BY DIVIDING IT."

I am shocked!

Does that mean that one cannot borrow money to get out of debt? Uh-oh, somebody is in big trouble.....

Reply

 james · 3 hours ago

+1

This makes so much sense, almost common sense.

Why would 1% of the highest earning taxpayers stay in the USA? Many have homes abroad, and can easily relocate to Monte Carlo, Costa Rica, Honduras, Brazil, China or even Portugal.....just to protect their hard earned wealth....then visit their family in US a few days a year.....and then where will Obama go for this lost 45% of his tax revenue to pay for entitlements to those 50% that don't pay any income tax???

We only need several thousand people to relocate to cause tax deficits to skyrocket. States like New York, New Jersey, Michigan, Ohio, Illinois, California, Washington, Oregon and Pennsylvania need to seriously look at cutting state tax rates immediately, if they want to survive the exodus of high achievers that pay their ridiculous bills.....hmmmmmmmm.....anyone n???

Reply



[Cowboy Logic](#) 81p · 3 hours ago

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There was a thread here last night "L.A. Times: ACORN Criminal Activity"

<http://biggovernment.com/2009/10/04/acorn-campaig...>

The hot topic on the Business wires this morning is that Bank of America is looking for an emergency CEO for BofA to replace Ken Lewis who is leaving, immediately. Watch this story unfold. Bank of America will go down.

The roots of ACORN run deep.

The CRA (Community Reinvestment Act) dictated that banks fund loans to people ill qualified to handle them. These toxic assets were bundled and sold overseas to foreign investors, who now hold worthless paper. Is it any wonder why the world isn't happy with US?

I wonder, will Barney Frank or Chris Dodd be available for comment?

Reply [1 reply](#) · active 3 hours ago




Keepdad · 3 hours ago

0

I'm sure that Ken Lewis will wind up with a czar position in the Obama Abomination. As to Frank or Dodd making a comment: "George Bush did it!"

I hear they are going to change the name of the BofA to Bank of Armenia.


Reply

 myna · 3 hours ago

0

Isn't it Paterson said to Rush Limbaugh don't let the door hits you? Well, who is laughing now?

Reply

 mike baron · 3 hours ago

0

Look for more people to take the Atlas Shrugged option.

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[Cowboy Logic](#) 81p · 3 hours ago

+1

It is liberating.....

Reply

[MidniteRambler](#) 66p · 3 hours ago

+1

"The story notes that several rich people have left the state, and all three examples are about people who have redomiciled in Florida, which has no state income tax. Other rich people, of course, stay in New York but choose to earn less taxable income. "

This is Exhibit A on why the Democrats hate the Tenth Amendment almost as much as they hate the Second Amendment. The Tenth Amendment is of course the one reserving for the states all powers not expressly delegated to the federal government.

Expand the power of the federal government enough, especially its rate of taxation, and soon there will be nowhere to hide from the "progressive" agenda in all its forms.

Reply

[StdDan](#) 95p · 2 hours ago

+1

Talk about the free market working!

Reply

[Rt_Thinker](#) 61p · 2 hours ago

+1

Kind of fun to read this in conjunction with the next article on ACORN and the WFP in New York (The Roger Stone piece.). Paterson got brow-beaten into this tax increase by the ultra left. His prediction is being fulfilled. Things might get interesting in the Empire State. He's already been thrown under the bus by Obama. This means his WFP and ACORN support must be gone too. If he truly plans on staying in the race, where will he turn to re-establish a base? Turn on them? Become the anti-ACORN/WFP candidate? Bet he has a lot of info, and does he have anything else to lose?

Reply

[FlatTaxer](#) 53p · 24 minutes ago

+1

The US taxpayers had better hope that there isn't an outbreak of the swine flu at the next Rich People's Convention. That is the convention where they conspire together to take advantage of the poor and down-trodden according to the left.

Warning - Class envy can be very detrimental to your fiscal health.

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