



MURPHY ACCUSES TEXAS GOV. ABBOTT OF TRYING TO RUSTLE GARDEN STATE COMPANIES

JOHN REITMEYER | APRIL 20, 2018

Abbott draws first, bragging about low taxes of the Lone Star State, but Murphy fires back with both barrels, saying schools and healthcare in Texas can't hold a candle to New Jersey's



Gov. Phil Murphy has gotten into his first tussle with a governor of another state, reacting to an appeal by the governor of Texas to New Jersey residents and business leaders to relocate to the Lone Star State if they are concerned about high taxes.

Murphy's wrangling with Texas Gov. Greg Abbott began after the Star-Ledger newspaper published an [op-ed written by Abbott](#) that criticized Murphy for proposing tax hikes. Abbott's missive portrayed the Lone Star State as a place that's on the rise

economically, due largely to low taxes.

"Come to Texas and be a part of our economic success story," wrote Abbott.

The column drew an immediate [response from Murphy](#), published in The Dallas Morning News, with the first-term Democrat calling Abbott's critique a "cheap shot." Murphy went on to question the Republican leader's record on issues like education and healthcare. He even raised Texas's higher rate of violent crime as a concern, suggesting there's a link to the state's lax gun laws.

"Abbott puts the powerful first in his state, and he wants New Jersey businesses to join him," Murphy said in the response. "But they, and we, know better."

Building backing for budget

While the tit for tat so far has only been playing out in the media, Abbott's instigating comes at a crucial time for Murphy as he's still trying to [generate support](#) for his overall budget plan for the 2019 fiscal year. The issue of taxes and their impact on economic development in New Jersey is getting new attention due to an announcement from the Gerber baby food company that it is moving its U.S. corporate headquarters, and about 150 jobs, from Florham Park to northern Virginia after receiving a significant tax break.

Trying to poach businesses from another state is nothing new for governors, as states across the country have used tax incentives to spur economic development in the wake of the Great Recession. In fact, former New Jersey Gov. Chris Christie enacted an aggressive effort through the New Jersey Economic Development Authority to attract companies to relocate to the Garden State. And Christie, a Republican, also drew the ire of then-Illinois Gov. Pat Quinn in 2011, after his administration ran ads in Illinois that held up New Jersey as a better place to do business after Quinn enacted a series of tax hikes.

But this year, it's Murphy that is proposing a series of tax hikes as part of a \$37.4 billion [state budget](#) that calls for increased spending on things like public education, mass transit, and public-employee pensions. Murphy's proposed tax hikes include the establishment of a 10.75 percent income-tax rate for earnings over \$1 million, and the restoration of a 7 percent general sales-tax

rate.

Changing the tax code

Changes to the corporate tax code would also be made under the budget put forward by Murphy, who has argued that more state spending is needed to dig New Jersey out of a deep economic hole caused by Christie's fiscal policies. And it's not just Murphy who is proposing tax hikes this year in New Jersey, as Senate President Steve Sweeney (D-Gloucester) has called for a **higher corporate rate** for companies earning more than \$1 million to help raise more cash for public education.

So far, Sweeney and other Democrats who control the state Legislature have yet to fully embrace Murphy's tax proposals, which have also been roundly criticized by Republicans in New Jersey. Meanwhile, the governor's budget plan also drew an attack this week from Bob Hugin, a Republican seeking to unseat incumbent Democrat Robert Menendez in this year's U.S. Senate contest, after Gerber announced it was leaving for Virginia.

Hugin, a former pharmaceutical executive, said Gerber's move should be a "wake up call for Murphy" on the issue of taxes.

Why did Gerber go?

But it's unclear whether any looming tax hikes played a role in the decision by Gerber to move to Arlington, VA, where sister company Nestle USA is already located. The company was reportedly offered a nearly \$1 million grant from **Virginia**, and Gerber's official announcement cited corporate efficiency and innovation goals as primary benefits of the relocation.

A company spokesman did not respond to NJ Spotlight's follow-up questions, but Hugin press secretary Nick Iacovella said "anyone who understands economics knows that Murphy's planned tax increases are a terrible signal for businesses that are here or were thinking about moving here."

When it comes to choosing a place to put down roots, companies are generally "very concerned about tax hikes," said John Boyd, a principal at Princeton-based The Boyd Company, a corporate site consultant. But another concern for companies looking at New Jersey is the state's already high property taxes, Boyd said.

Meanwhile, some of the things highlighted by Murphy in his response to Abbott, like the state's highly trained workforce and great public schools, can be a plus for business leaders.

"Site selection is both a science and an art," Boyd said.

Murphy press secretary Dan Bryan declined to comment on the back-and-forth with Abbott yesterday, and a spokeswoman for the Texas governor gave no indication there could be a truce.

Abbott, who is currently up for **re-election**, has a record of reaching out to other states' residents. He made an appeal to New Hampshire businesses following Democratic Gov. Maggie Hassan's veto of business-tax cuts in 2015, and to New York residents, while serving as Texas's attorney general in 2013, after Democratic Gov. Andrew Cuomo enacted tougher gun laws.

"The Texas economy has benefited tremendously from job creators and seekers fleeing burdensome taxes and regulations from states like New Jersey, and Gov. Abbott will continue to let companies know we are wide open for business," said spokeswoman Ciara Matthews.



ALL RIGHTS RESERVED ©2018 NJSPOTLIGHT