

Reasons To Leave New Jersey That Have Nothing To Do With Reality TV

August 11, 2010 | by Gary Botwinick

As previously discussed on this blog, in addition to the federal estate tax, the State of New Jersey imposes its own estate tax on individual estates larger than \$675,000. In client meetings, we spend a lot of time discussing and developing solutions that revolve around the New Jersey estate tax. At the end of this discussion, clients usually say something along the lines of “isn’t there an easier way?” My answer is always simple: “yes, you can become a resident of a state without a state estate tax.” Now, for most people, leaving the state is not an option, but to be a resident of a state for estate tax purposes, you only have to reside in that state for 6 months and 1 day. So if you’ve ever considered a beach house in Florida or a ski cabin in Colorado, here’s one more incentive to go for it: you won’t have to pay estate taxes to New Jersey or any other state from the list below. The only caveat here is that you actually have to live in the state in which you are claiming residency for the 6 months and 1 day. The New Jersey Division of Taxation has gone to great lengths to determine whether a taxpayer was a resident of another state at the time of his or her death, including looking into phone records, electricity bills, airplane tickets and other similar records.

States that do not impose an estate tax as of this writing*:

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|-------------|----------------|--------------------|
| 1. Alabama | 13. ***Kansas | 25. North Dakota |
| 2. Alaska | 14. **Kentucky | 26. ***Oklahoma |
| 3. Arizona | 15. Louisiana | 27. **Pennsylvania |
| 4. Arkansas | 16. Michigan | 28. South Carolina |

5. California	17. Mississippi	29. South Dakota
6. Colorado	18. Missouri	30. Texas
7. Florida	19. Montana	31. Utah
8. Georgia	20. **Nebraska	32. Virginia
9. Idaho	21. Nevada	33. West Virginia
10. **Indiana	22. New Hampshire	34. Wisconsin
11. ***Illinois	23. New Mexico	35. Wyoming
12. **Iowa	24. ***North Carolina	

* Please be advised that with the future of the federal estate tax uncertain, some states may alter their state estate tax laws once the federal estate tax situation is resolved.

** These states do not collect a state estate tax, but do collect a state "inheritance tax."

*** Estate taxes in these states were repealed on January 1, 2010 due to the repeal of the federal estate tax and are may return once the federal estate tax uncertainty is resolved.