

TRUMP'S TAX PLAN IS MAKING RICH PEOPLE FLEE TO FLORIDA TO DODGE HIGHER TAXES

BY **NICOLE GOODKIND** ON 11/27/17 AT 4:53 PM

The Republican tax plan has America's one percent worried about facing steeper levies on their income, and fat cats in the Northeast may have found a solution: Flee to Florida.

The Sunshine State, which has no state income tax and business-friendly revenue codes, is eager to take them.



Many millionaires are moving to Palm Beach, the home of Trump's Mar-a-Lago resort, to avoid an increase in taxes.

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The Miami Downtown Development Authority is throwing a party in December designed to attract wealthy Northeasterners to the area. Jeff Miller, the director of luxury sales for Brown Harris Stevens in Miami, said he's already received calls from potential clients eager to escape the higher taxes they could face in states like New York and New Jersey if the tax plan passes.

In Palm Beach County, just a few miles down the road from President Donald Trump's Mar-a-Lago estate (the "Winter White House," as he calls it), the local [Business Development Board](#) welcomes financiers with open arms. President and CEO Kelly Smallridge says she's noticed an uptick in calls from businesses looking to relocate since the introduction of the tax bill. Smallridge said the transition is particularly easy for wealthy Northeasterners because so many of them already have second homes in south Florida. "Money is walking from the Northeast to the state of Florida. This is already a familiar and comfortable place for many of these millionaires," she said.

The board aims to make the transition to Palm Beach seamless by offering a devoted concierge service to those who move. The service finds business owners their offices and family homes. It also works with top headmasters to place children into elite local schools, and makes membership to social clubs quick and easy.

Smallridge hones in on who's buying new homes in Palm Beach. If they're a hedge fund or private equity CEO, she'll politely approach them about moving some of their business to Florida, she said.

On top of business-friendly tax rates, moving to Palm Beach might even provide some access to the Trump administration.

"It's quite ironic that several people who Trump has appointed to his administration have homes or second homes in Palm Beach County and there are about six to eight people that have direct ties to Palm Beach County," Smallridge said.

Over the last five years the board has helped 60 to 70 hedge funds, private equity firms and private offices make the move from the Northeast to Palm Beach.

Both the House and Senate tax reform proposals eliminate the deduction for most state and local taxes, taking the hardest hit on big earners in high-tax states like New York, Connecticut, and New Jersey.

Without this deduction, a New Yorker earning \$1 million each year could owe an additional \$21,000 to the IRS in 2018. The prospect of paying more is causing some tri-state bigwigs to call up their real estate agents to see what else is out there. If the tax plan passes, between two and four percent of top-income earners in New York City will eventually move to lower-taxed states, according to new research by Goldman Sachs.

Because of these potential changes, “it would almost be irresponsible if you weren’t thinking about moving,” Bruce McGuire, founder of the Connecticut Hedge Fund Association told [Bloomberg](#).

While the potential exodus will be small in number, it could have significant impact on state budgets. When David Tepper moved his investment firm, Appaloosa Management, from New Jersey to Florida in 2015, forecasters worried that [the state's budget would be threatened](#) because the firm created more than \$100 million in state income tax.

One-percenters pay the [majority of income tax](#) in New York City, and an evacuation of millionaires and billionaires could severely hinder the city’s ability to function.

Even before the tax plan started flowing through Congress, New York Governor Andrew Cuomo feared what would happen if rich New Yorkers soon faced higher taxes.

“People will take a certain amount of abuse, and then there is a point,” Cuomo told the [New York Daily News editorial board](#) in February. “The question is, what is that point? Nobody knows for sure, but you don’t want to reach that point.”