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Here's the Tax Beat broadcast for January 7

Subject Line: When "Fair Share" Sounds Like "Find the Exit"

Raising taxes on the rich is usually a party trick politicians pull out when they want applause, not when they actually plan to do it. Lately, though, some of them are dusting it off again, and high earners are reacting the same way people do when the waiter raises an eyebrow and says, "So . . . we're going to split this evenly?" even though you ordered a salad and everyone else went full surf-and-turf.

Exhibit A is New York City. New mayor Zohran Mamdani has called for hiking city income taxes on top earners, stacking them neatly on top of already eye-watering city, state, and federal taxes. For Masters of the Universe working in financial services, law, private equity, and other fields where the bonus is taxable before it even emotionally settles in, this landed with a thud. New York is already one of the most expensive places in the country to live and work. Adding another layer of tax makes high earners feel less like "paying their fair share" and more like doubling the cover charge after they're already inside the club.

The reaction has been swift and predictable. High earners aren't chaining themselves to their brownstones in protest. They're quietly reminding City Hall that Florida has no state income tax, Texas has air-conditioning, and airplanes still work. New York has tried this song before. Every few years someone insists the rich won't leave. Every few years, some of them do. And every few years, the city acts surprised.

Exhibit B is California, where activists are gathering petitions for a ballot initiative they're calling the 2026 Billionaire Tax Act. It would impose a one-time 5% levy on net worths of individuals with over $1 billion in global assets. This one really gets people's blood pressure up, especially in tech circles. When lawmakers start talking about taxing "net worth," tech billionaires like Peter Thiel hear them saying something very different: "California wants to tax assets that are hard to value, harder to sell, and extremely easy to move somewhere else." That might be less of a tax policy and more of a motivational speech for residency planning.

Wealth taxes sound great in theory – at least, to those who want to soak the rich. In practice, they're a master class in unintended consequences. How do you value privately held companies? What about founders whose wealth exists almost entirely on paper? What happens when the people you're targeting decide they'd rather not play? History provides a helpful answer. They leave. The tax raises less than promised. And the law eventually gets repealed while everyone pretends that wasn't totally predictable.

Here's the part no one on social media likes to talk about. The odds of these proposals actually becoming law are pretty slim. City income tax hikes face political resistance, business backlash, and the dangers of hollowing out the tax base. Furthermore, wealth taxes run headfirst into constitutional issues, valuation nightmares, and lobbyists with very expensive shoes. Most of these initiatives are theater. Loud theater, but theater, nonetheless.

Unfortunately, theater has consequences. Headlines make people nervous. Nervous people make rash decisions. Taxpayers start contemplating moving, selling, or upending their lives based on proposals that may never see the light of day. Taxes matter, but they're only one piece of a much bigger puzzle that includes family, business, lifestyle, and the fine print of state residency rules that are far less forgiving than Instagram makes them look.

Sometimes relocating for tax reasons makes sense. Sometimes it's a spectacularly expensive mistake. The difference is planning, not panic. So before you let a mayor's press conference or a billionaire's ire dictate your ZIP code, call us. We'll help you figure out whether the threat is real, whether it's noise, and how to keep taxes from running your life like an overcaffeinated campaign manager.

Kevin