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where they live—instead of where they work. For instance, this is particularly important to higher wage earners who live in Pennsylvania and work in New Jersey.

Oct. 12, 2016



Let's talk reciprocals.

Reciprocity agreements mean that two states allow its residents to only pay tax on where they live—instead of where they work. For instance, this is particularly important to higher wage earners who live in Pennsylvania and work in New Jersey. Pennsylvania's top rate is 3.07%, while New Jersey's top rate is 8.97%.

The following states have reciprocal agreements:

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Kentucky Wisconsin	Illinois, Indiana, Michigan, Ohio, Virginia, West Virginia and
Maryland	Pennsylvania, Virginia, Washington, D.C. and West Virginia
Michigan	Illinois, Indiana, Kentucky, Minnesota, Ohio and Wisconsin
Minnesota	Michigan and North Dakota
Montana	North Dakota
New Jersey	Pennsylvania*
North Dakota	Minnesota and Montana
Ohio	Indiana, Kentucky, Michigan, Pennsylvania and West Virginia
Pennsylvania	Indiana, Maryland, New Jersey, Ohio, Virginia and West Virginia
Virginia Virginia	Kentucky, Maryland, Pennsylvania, Washington, D.C. and West
Washington, D.C.	Maryland and Virginia
West Virginia	Kentucky, Maryland, Ohio, Pennsylvania and Virginia
Wisconsin	Illinois, Indiana, Kentucky and Michigan

*After nearly forty years, the reciprocity agreement between New Jersey and Pennsylvania will end on December 31, 2016. On September 2, 2016, New Jersey Governor Chris Christie signed a deal to terminate the agreement effective January 1, 2017, in a move that some believe may generate \$180 million in additional revenue

for New Jersey. This means that—for the first time since 1978—wealthy taxpayers

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