

No Great Expectations for New Jersey's Businesses

ALLEN MENDENHALL • June 6, 2026

It was the based of times, it was the woke of times, it was the age of candor, it was the age of cant, it was the epoch of sense, it was the epoch of pretense.

And it was the season when firms started moving from high-tax, high-cost blue states to freedom-loving red states.

ExxonMobil's shareholders just sent a clear message: enough is enough. By a margin of 71%, they voted to move the firm's legal home from New Jersey to Texas, overriding objections from proxy advisers Glass Lewis and ISS, which warned that the move might erode shareholder rights.

You know what erodes shareholder rights? Climate litigation, ESG-driven activism, and state attorneys general who treat energy companies as political targets. New Jersey has been among the states pursuing aggressive environmental and climate-related litigation against energy companies.

Of course, no modern business can entirely avoid these pressures. Commercial relationships span state lines, and policies enacted in blue states such as New Jersey and California can continue to affect companies' operations even after they relocate their legal domicile or headquarters to red states such as Texas.

The redomiciliation, at any rate, makes sense. Exxon has operated out of Texas since 1989. Its New Jersey incorporation was a legal relic, a 140-year-old address with no operational meaning. But relocation alone should not be mistaken for broader reform. Firms can, after

all, change their state of incorporation while maintaining the same (often woke) operational structure, workplace policies, and business practices.

Texas has, by comparison, established a corporate legal framework that emphasizes business operations over broader social policy objectives. Recent statutory changes have made derivative suits more difficult to bring, strengthened protections for directors, and codified aspects of the business judgment rule.

The Wall Street Journal editorial board [highlights](#) that New Jersey's corporate tax rate has ranked among the highest in the nation, reaching 11.5% for many large corporations, whereas Texas has no corporate income tax whatsoever. Industrial electricity costs are also lower in Texas than in New Jersey. The regulatory climate (like the sunshine and weather) is friendlier down south.

Exxon isn't the first to notice: SpaceX, Tesla, Coinbase, and Chevron have all made the same calculation.

There is a legitimate concern worth acknowledging. Texas's new director-friendly statutes could, in the wrong hands, entrench management against legitimate shareholder challenges. Exxon [alleges](#) that it won't adopt "any elective provisions" under the Texas statutory scheme "that weaken shareholder rights as compared to New Jersey law." And that's the right call.

But a pledge is not a biblical covenant. Could the company formalize those commitments in its governing documents, with any future changes requiring majority shareholder approval? Possibly. Boards that trust their own stewardship shouldn't fear putting that in writing.

Courts, however, have recognized that contractual arrangements that unduly constrain a board's ability to exercise its fiduciary duties—absent a fiduciary-out mechanism—may be impermissible in merger negotiations. Although that reasoning presumably does not apply to charter or bylaw provisions, the comparison raises an interesting issue.

Federalism works, it seems, as designed. States compete for corporate charters. That competition disciplines them toward better governance.

Texas has made its case: lower costs, cleaner legal frameworks, less exposure to politicized litigation. And corporations, no surprise, are responding. The migration of capital and

enterprise to the Lone Star State—and other red states—is a market verdict.

The deeper question is whether corporate boards have an obligation to shareholders to reconsider domicile when a state's tax burden, regulatory hostility, and litigation climate consistently destroy value. The answer looks like [yes](#).

Talent, network advantages, and inertia may keep some companies tethered to California or New York for now. But Austin and Nashville are no longer afterthoughts.

ExxonMobil has moved toward operational reality and away from a jurisdiction that had made itself hostile to the business of business. Other boards should be asking whether their own legal addresses still make sense or are just bad habits to break.

In a republic built on divided sovereignty, the freedom to exit is one of the most powerful checks on bad governance. Texas is winning. New Jersey and its blue-state counterparts are losing.

It is, in the end, a tale of two states. One offers stability, clarity, and the quiet confidence of a jurisdiction that trusts enterprise to create value. The other offers the best of intentions and the worst of incentives: high taxes, regulatory hostility, and a plaintiff's bar that never sleeps.

For ExxonMobil, the choice between them was not close.

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