

ASSEMBLY JOINT RESOLUTION

No. 231

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED JUNE 1, 2021

Sponsored by:

Assemblyman GORDON M. JOHNSON

District 37 (Bergen)

Assemblywoman LISA SWAIN

District 38 (Bergen and Passaic)

Assemblyman P. CHRISTOPHER TULLY

District 38 (Bergen and Passaic)

Co-Sponsored by:

Assemblywoman Vainieri Huttie

SYNOPSIS

Urges President and Congress to raise cap on state and local tax deduction.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/1/2021)

1 **A JOINT RESOLUTION** urging the President of the United States and
 2 the United States Congress to raise the current cap on the state
 3 and local tax deduction.

4
 5 **WHEREAS**, American taxpayers have had the option of offsetting the
 6 amount of federal taxes owed on their federal tax returns through
 7 the use of the state and local tax (SALT) deduction for over 100
 8 years; and

9 **WHEREAS**, Utilizing the SALT deduction, federal taxpayers who
 10 itemize deductions, as opposed to claiming the standard deduction,
 11 may deduct the amount of state and local real estate and personal
 12 property taxes paid, as well as either state and local income taxes
 13 paid or sales taxes paid; and

14 **WHEREAS**, In 2014, over 41 percent of New Jersey residents who filed
 15 federal income tax returns claimed the SALT deduction on their
 16 returns; and

17 **WHEREAS**, The SALT deduction also provides a benefit to residents of
 18 states such as New Jersey by decreasing the amount of federal taxes
 19 owed by those residents; and

20 **WHEREAS**, In December 2017, under the federal “Tax Cuts and Jobs
 21 Act,” Pub.L. 115-97, the federal government capped the amount of
 22 the SALT deduction at \$10,000 for most filers beginning in tax year
 23 2018; and

24 **WHEREAS**, In the 2017 tax year, the average SALT deduction taken in
 25 New Jersey was \$19,089; and

26 **WHEREAS**, In 2018, the State of New Jersey only received 79 cents
 27 back for every dollar paid by its residents in federal taxes, the least
 28 amount received back from the federal government by any state;
 29 and

30 **WHEREAS**, New Jersey is considered to be a “donor state” because
 31 New Jersey residents pay more in federal taxes than the State
 32 receives back in federal funding; and

33 **WHEREAS**, In light of the substantial financial benefits that the SALT
 34 deduction provides to New Jersey residents, as well as the
 35 significant disparity between the amount that New Jersey residents
 36 pay in federal taxes and the amount the State receives back in
 37 federal funding, the President of the United States and the United
 38 States Congress should act to raise the current cap on the SALT
 39 deduction; now, therefore,

40
 41 **BE IT RESOLVED** *by the Senate and General Assembly of the*
 42 *State of New Jersey:*

43
 44 1. The Governor and the Legislature of the State of New Jersey
 45 hereby urges the President of the United States and the United
 46 States Congress to raise the current cap on the state and local tax
 47 deduction.

1 2. Copies of this resolution as filed by the Secretary of State
2 shall be transmitted by the Clerk of the General Assembly or the
3 Secretary of the Senate to the President and Vice President of the
4 United States, the Majority and Minority Leaders of the United
5 States Senate, the Speaker and the Minority Leader of the United
6 States House of Representatives, and every member of the United
7 States Congress elected from the State of New Jersey.

8
9 3. This joint resolution shall take effect immediately.

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12 STATEMENT

13
14 This resolution urges Congress and the President to raise the
15 current cap on the state and local tax (SALT) deduction. For over
16 100 years, the SALT deduction has been available to American
17 taxpayers. The SALT deduction allows federal taxpayers, who
18 itemize on federal income tax returns, the option to deduct
19 payments for state and local taxes from federal income tax liability.
20 This deduction is a significant benefit to New Jersey residents who
21 pay federal taxes. In 2017, the federal government limited the
22 amount of the SALT deduction to \$10,000, whereas the average
23 SALT deduction taken by New Jersey taxpayers was almost double
24 that amount.

25 New Jersey is considered to be a “donor state” because the
26 amount of federal taxes paid by New Jersey residents exceeds the
27 amount that the State receives back in federal funding. In 2018, the
28 State of New Jersey received the least amount of federal funding of
29 any state. The SALT deduction cap should be raised in order to
30 remedy some of this tax disparity.