

ASSEMBLY RESOLUTION No. 166

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED JUNE 11, 2020

Sponsored by:

Assemblywoman AURA K. DUNN

District 25 (Morris and Somerset)

SYNOPSIS

Urges US Congress to adopt legislation allowing commercial property owners to claim certain amounts of commercial tenant rent forgiveness during COVID-19 pandemic as deduction against property owner's income.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ASSEMBLY RESOLUTION** urging the United States Congress to
2 adopt legislation allowing commercial property owners to claim
3 certain amounts of commercial tenant rent forgiveness during the
4 COVID-19 pandemic as a deduction against the property owner’s
5 income.
6
7 **WHEREAS**, COVID-19, a novel coronavirus, is a respiratory illness
8 that was first identified during an outbreak in Wuhan, China and
9 has since expanded across various continents including Asia,
10 Europe, North America, South America, Africa, and Australia
11 resulting in a worldwide pandemic; and
12 **WHEREAS**, There have been millions of cases of COVID-19
13 confirmed worldwide with more than one million confirmed cases
14 in the United States and over one hundred thousand confirmed
15 cases across the state of New Jersey; and
16 **WHEREAS**, The COVID-19 outbreak has caused states, businesses, and
17 schools to participate in “social distancing” steps to prevent the
18 further spread of the virus; in addition to social distancing
19 guidelines, Governor Murphy issued Executive Order 107 which
20 required all New Jersey residents to stay at home until further
21 notice and also required the closure of all non-essential businesses;
22 and
23 **WHEREAS**, Non-essential businesses, such as retail, recreational, and
24 entertainment businesses, were forced to shut down operations for
25 the duration of the COVID-19 pandemic; non-essential businesses
26 have been closed for more than one month and will continue to be
27 closed into the foreseeable future; and
28 **WHEREAS**, Businesses that were closed as a result of the COVID-19
29 pandemic have suffered substantial financial hardships; businesses
30 have had to layoff employees, have lost significant revenue, and
31 many are at risk of bankruptcy and closure; and
32 **WHEREAS**, Without being able to generate revenue during the months
33 of the COVID-19 pandemic, closed businesses, and businesses
34 unable to operate in their full-capacity, are struggling to pay rental
35 payments due on their properties; commercial tenants’ inability to
36 pay rental payments due on their properties has left many
37 commercial property owners at risk of foreclosures; and
38 **WHEREAS**, The United States Congress should adopt legislation
39 allowing commercial property owners to claim certain amounts of
40 commercial tenant rent forgiveness during the COVID-19 pandemic
41 as a deduction from the taxpayers federal income tax; commercial
42 property owners should be able to claim a deduction of up to
43 \$15,000 of rental forgiveness provided to struggling businesses
44 during the months, up to no more than three months, of the
45 COVID-19 pandemic; and
46 **WHEREAS**, Allowing commercial property owners to claim these tax
47 deductions from their federal income tax will serve as an incentive

1 for commercial property owners to provide rental forgiveness to
2 struggling businesses during the COVID-19 pandemic; and

3 **WHEREAS**, Having the ability to claim these deductions will help
4 commercial tenant owners who would be otherwise faced with
5 foreclosure while also reducing the number of businesses defaulting
6 on their leases; and

7 **WHEREAS**, Adopting this legislation will help to prevent a glut of
8 vacancies in commercial properties across the country, help
9 struggling businesses to survive the COVID-19 pandemic, and help
10 the United States economically recover after the COVID-19
11 pandemic ceases; now, therefore,

12
13 **BE IT RESOLVED** by the General Assembly of the State of New
14 Jersey:

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16 1. This House urges the United States Congress to adopt
17 legislation allowing commercial property owners who provide
18 rental forgiveness to struggling businesses during the COVID-19
19 pandemic to deduct up to \$15,000 of the amount of rent forgiveness
20 provided by the commercial property owner to each commercial
21 tenant, over a period of not more than three months, from the
22 commercial property owner's federal income tax. The deduction
23 will only apply to rent forgiven within the months declared to be a
24 public health emergency by the federal government. Taxpayers will
25 also be unable to claim the deduction if the rent forgiveness was
26 provided to businesses that are part of the same controlled group or
27 the same affiliated group as the taxpayer. In addition, commercial
28 property owners will be unable to charge tenants any interest or
29 penalties during the months that the commercial property owner is
30 taking advantage of this tax deduction.

31
32 2. Copies of this resolution, as filed with the Secretary of State,
33 shall be transmitted by the Clerk of the General Assembly to the
34 Majority and Minority Leaders of the United States Senate, the
35 Speaker and Minority Leader of the United States House of
36 Representatives, and every member of the New Jersey congressional
37 delegation.

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40 **STATEMENT**

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42 This resolution urges the United States Congress to adopt
43 legislation allowing commercial property owners to claim certain
44 amounts of commercial tenant rent forgiveness during the COVID-
45 19 pandemic as a deduction against the property owner's income.

46 The COVID-19 pandemic has been a human tragedy that has
47 affected the lives of millions worldwide. COVID-19 has also
48 severely impacted the global economy resulting in massive

1 unemployment claims and financial difficulties. Non-essential
2 businesses have been forced to close which has resulted in an
3 inability to generate revenue during the months of the COVID-19
4 pandemic. These businesses are struggling to make rental payments
5 due on their properties and their commercial property owners are
6 faced with potential foreclosures.

7 Businesses who have been negatively impacted by the COVID-
8 19 pandemic are in need of rental forgiveness, so that they can
9 continue to operate after the COVID-19 pandemic ceases. In
10 addition, commercial property owners who forgive rent to
11 businesses during the COVID-19 pandemic should be rewarded
12 with the ability to claim portions of their rental forgiveness, up to
13 \$15,000, as a deduction against their federal income tax. Having
14 the ability to claim this tax deduction will help to incentivize
15 commercial property owners to offer rental forgiveness to
16 businesses that are in need of financial assistance. This legislation
17 will help struggling businesses to survive the COVID-19 pandemic,
18 prevent a glut of vacancies in commercial properties across the
19 state, and help the state of New Jersey economically recover after
20 the COVID-19 pandemic ceases. For these reasons, the United
21 States Congress should adopt legislation allowing commercial
22 property owners to claim certain amounts of commercial tenant rent
23 forgiveness during the COVID-19 pandemic as a deduction against
24 the property owner's income.