

ASSEMBLY RESOLUTION No. 193

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED OCTOBER 8, 2020

Sponsored by:

Assemblyman VINCENT MAZZEO

District 2 (Atlantic)

Assemblyman ROBERT J. KARABINCHAK

District 18 (Middlesex)

Co-Sponsored by:

Assemblyman Freiman, Assemblywoman Pinkin, Assemblymen Chiaravalloti, Greenwald, Benson, Assemblywomen Jasey and Downey

SYNOPSIS

Urges federal government to raise state and local tax deduction to \$25,000.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 10/29/2020)

1 **AN ASSEMBLY RESOLUTION** urging the federal government to raise
2 the state and local tax deduction to \$25,000.

3
4 **WHEREAS**, Since 1913, Americans have had the option of using the
5 federal government’s state and local tax (SALT) deduction when
6 they file their federal income tax returns; and

7 **WHEREAS**, Under the SALT deduction, federal taxpayers who itemize
8 on their returns, rather than claim the standard deduction, may
9 deduct state and local real estate and personal property taxes as well
10 as either state and local income or sales taxes; and

11 **WHEREAS**, In 2014, over 41 percent of New Jersey residents who filed
12 federal income tax returns and itemized their taxes claimed the
13 SALT deduction on their returns; and

14 **WHEREAS**, The SALT deduction also provides an indirect federal
15 subsidy to states such as New Jersey by decreasing the net cost of
16 nonfederal taxes to those who pay them; and

17 **WHEREAS**, New Jersey is a “donor state,” meaning that the State pays
18 more in federal taxes than it receives in federal funding; and

19 **WHEREAS**, The federal “Tax Cuts and Jobs Act,” Pub.L. 115-97,
20 which was enacted in December 2017, capped the SALT deduction
21 to \$10,000 for most filers beginning in tax year 2018; and

22 **WHEREAS**, Given the enormous fiscal benefits that the SALT
23 deduction provides to New Jersey residents and the State, and given
24 the disparity in the amount that New Jersey residents pay in federal
25 taxes in comparison to the amount that they receive in federal
26 funding, it is altogether fitting and proper to urge the federal
27 government to raise the federal SALT deduction to \$25,000; now,
28 therefore,

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30 **BE IT RESOLVED** by the General Assembly of the State of New
31 Jersey:

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33 1. This House hereby urges the federal government to raise the
34 state and local tax deduction to \$25,000.

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36 2. Copies of this resolution, as filed with the Secretary of State,
37 shall be transmitted by the Clerk of the General Assembly to the
38 President of the United States, the Majority Leader of the United
39 States Senate, the Speaker of the United States House of
40 Representatives, and each member of Congress elected from this
41 State.

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44 STATEMENT

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46 This resolution urges the federal government to raise the state
47 and local tax (SALT) deduction to \$25,000. Since 1913, Americans
48 have had the option of using the SALT deduction when they file

1 their federal income tax returns. Under the SALT deduction,
2 federal taxpayers who itemize on their returns, rather than claim the
3 standard deduction, may deduct state and local real estate and
4 personal property taxes as well as either state and local income or
5 sales taxes.

6 New Jersey is a “donor state,” meaning that the State pays more
7 in federal taxes than it receives in federal funding. The SALT
8 deduction provides an indirect federal subsidy to states such as New
9 Jersey by decreasing the net cost of nonfederal taxes to those who
10 pay them. In 2014, over 41 percent of New Jersey residents who
11 filed federal income tax returns and itemized their taxes claimed the
12 SALT deduction on their returns.

13 The federal “Tax Cuts and Jobs Act,” Pub.L. 115-97, which was
14 enacted in December 2017, capped the SALT deduction to \$10,000
15 for most filers beginning in tax year 2018. Given the enormous
16 fiscal benefits that the SALT deduction provides to New Jersey
17 residents and the State, and given the disparity in the amount that
18 New Jersey residents pay in federal taxes in comparison to the
19 amount that they receive in federal funding, the federal government
20 should raise the SALT deduction to \$25,000.