SENATE CONCURRENT RESOLUTION No. 66

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 13, 2020

Sponsored by:
Senator SHIRLEY K. TURNER
District 15 (Hunterdon and Mercer)

SYNOPSIS

Urges Congress and President of United States to enact legislation eliminating wasteful tax loopholes.

CURRENT VERSION OF TEXT

As introduced.

A CONCURRENT RESOLUTION urging Congress and the President of the United States to enact legislation eliminating wasteful tax loopholes.

WHEREAS, Tax loopholes are generally understood to be exceptions or oversights in the tax law that allow certain individuals or businesses to avoid paying taxes; and

WHEREAS, Tax loopholes typically include tax exemptions that reward businesses for engaging in certain activities, special deductions that allow individuals to exclude certain expenses from income, and preferential tax rates that permit individuals or businesses to reduce their overall tax liability because of their status or involvement in a particular industry; and

WHEREAS, Tax loopholes can be the result of unintended consequences, unclear legislative intent, or ineffectual drafting during passage or implementation, but more often than not are created by the intentional efforts of lobbyists and special interest groups petitioning lawmakers to carve out incentives and special benefits for their respective constituencies; and

WHEREAS, These lobbyists and special interest groups generally argue that the incentives and benefits they seek will provide needed protections for a specific group or industry, encourage some beneficial activity or the production of a needed good or service, or create jobs and improve the economy; and

WHEREAS, In making their case, however, they generally overlook the fact that the incentives and benefits they seek can create inequalities, complicate compliance, and increase administrative complexity; and

WHEREAS, In making their case they also ignore the fact that the incentives and benefits they seek come at a high price for the rest of us: the forgone revenue resulting from enactment or the extension of tax loopholes is typically offset by some combination of reduced spending for critical programs and services, including spending for the military, healthcare, and education, and additional or increased taxes on individuals and businesses that do not fall within the protected class created for the privileged few; and

WHEREAS, At the federal level, the revenue loss resulting from tax loopholes has been estimated to cost the United States government anywhere between several hundreds of billions of dollars to more than one trillion dollars each year, depending on the entity calculating the cost and what is included in the definition of a loophole; and

WHEREAS, In this period of prolonged fiscal restraint, every effort should be undertaken to evaluate the federal tax and revenue system, identify the exceptions or oversights in the tax law that allow certain individuals or businesses to avoid paying taxes, and eliminate the most wasteful federal tax loopholes; and

WHEREAS, The elimination of wasteful tax loopholes will free up additional resources that can be better used to reduce the federal deficit, crack down on tax cheaters, and reform the federal tax code; now, therefore,

BE IT RESOLVED *by the Senate of the State of New Jersey (the General Assembly concurring):*

1. The United States Congress and the President of the United States are urged to enact legislation that provides for the evaluation of the federal tax and revenue system, the identification of exceptions and oversights in federal tax law that allow certain individuals or businesses to avoid paying taxes, and the elimination of the most wasteful federal tax loopholes that create incentives for individuals and businesses to engage in transactions that have no economic substance solely to lower their tax bills, that keep individuals and businesses from paying their fair share of taxes, and that provide excessive benefits to the wealthiest among us.

2. The United States Congress and the President of the United States are urged to use the savings achieved from the elimination of wasteful tax loopholes to reduce the federal deficit, crack down on tax cheaters, and reform federal tax law in a manner that addresses provisions in current law that make it more profitable for companies to create jobs overseas than in the United States and that promotes job creation, competitiveness, and economic growth and prosperity for all Americans.

3. Copies of this resolution, as filed with the Secretary of State, shall be transmitted by the Clerk of the General Assembly or the Secretary of the Senate to the President and Vice President of the United States, the Majority and Minority Leaders of the United States Senate, the Speaker and Minority Leader of the United States House of Representatives, and to each member of Congress elected from this State.

STATEMENT

This concurrent resolution urges Congress and the President of the United States to enact legislation eliminating wasteful federal tax loopholes.

Tax loopholes are generally understood to be exceptions or oversights in the tax law that allow certain individuals or businesses to avoid paying taxes. They include tax exemptions that reward businesses for engaging in certain activities, special deductions that allow individuals to exclude certain expenses from income, and preferential tax rates that permit individuals or businesses to reduce

their overall tax liability because of their status or involvement in a particular industry, and typically come about through the intentional efforts of lobbyists and special interest groups petitioning lawmakers to carve out incentives and special benefits for their constituencies.

Despite the claims by lobbyists and special interest groups of the inherent benefits of the incentives they seek, tax loopholes have a detrimental impact on the implementation and administration of tax laws. Tax loopholes can create inequalities, complicate compliance, and increase administrative complexity.

Additionally, tax loopholes often come at a high price for the rest of us. The forgone revenue resulting from tax loopholes is typically offset by some combination of reduced spending for critical programs and services and additional or increased taxes on individuals and businesses that do not fall within the protected class created for the privileged few.

This resolution calls on Congress and the President to address these loopholes. The resolution specifically urges Congress and the President to enact legislation that provides for the evaluation of the federal tax and revenue system, the identification of exceptions and oversights in federal tax law that allow certain individuals or businesses to avoid paying taxes, and the elimination of the most wasteful federal tax loopholes.

The resolution further urges Congress and the President to use the savings from the elimination of wasteful tax loopholes to reduce the federal deficit, crack down on tax cheaters, and reform federal tax law. Under the resolution, the reform of federal law should be carried out in a manner that addresses provisions in current law that make it more profitable for companies to create jobs overseas than in the United States and that promotes job creation, competitiveness, and economic growth and prosperity for all Americans.