

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE JOINT RESOLUTION No. 118

STATE OF NEW JERSEY

DATED: DECEMBER 6, 2021

The Senate Community and Urban Affairs Committee reports favorably Senate Joint Resolution No. 118.

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

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