

SENATE RESOLUTION No. 111

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 17, 2021

Sponsored by:

Senator JOSEPH PENNACCHIO

District 26 (Essex, Morris and Passaic)

SYNOPSIS

Urges Congress to reinstate unlimited state and local tax deduction.

CURRENT VERSION OF TEXT

As introduced.



1 **A SENATE RESOLUTION** urging the United States Congress to
2 reinstate the unlimited state and local tax deduction.

3
4 **WHEREAS**, American taxpayers have had the option of offsetting the
5 amount of federal taxes owed on their federal income tax returns
6 through the use of the state and local tax (SALT) deduction for over
7 100 years; and

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

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

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

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

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

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

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

32 **WHEREAS**, In light of the substantial financial benefit that the SALT
33 deduction provides to New Jersey residents and the State, as well as
34 the significant disparity in the amount that New Jersey residents
35 pay in federal taxes as compared to what the State receives back in
36 federal funding, Congress should act to reinstate the SALT
37 deduction without limitation; now, therefore,

38
39 **BE IT RESOLVED** *by the Senate of the State of New Jersey:*

40
41 1. The Senate of the State of New Jersey hereby urges the
42 United States Congress to reinstate the state and local tax deduction
43 without limitation.

44
45 2. Copies of this resolution, as filed with the Secretary of State,
46 shall be transmitted by the Secretary of the Senate to the Majority
47 and Minority Leaders of the United States Senate, the Speaker and

1 Minority Leader of the United States House of Representatives, and
2 every member of Congress elected from this State.

3

4

5

STATEMENT

6

7 This resolution urges Congress to reinstate the unlimited state
8 and local tax (SALT) deduction. For over 100 years, the SALT
9 deduction has been available to American taxpayers. The SALT
10 deduction allows federal taxpayers who itemize deductions on
11 federal income tax returns the option to deduct payments for state
12 and local taxes from federal income tax liability. This deduction is
13 a significant financial benefit to both New Jersey residents who pay
14 federal taxes and the State itself. In 2017, the federal government
15 limited the amount of the SALT deduction to \$10,000, whereas the
16 average SALT deduction taken by New Jersey taxpayers was almost
17 double that amount.

18 New Jersey is considered to be a “donor state” because the
19 amount of federal taxes paid by New Jersey’s residents exceeds the
20 amount that the State receives back in federal funding. In 2018, the
21 State of New Jersey received the least amount of federal funding of
22 any state. Congress should reinstate the SALT deduction without
23 limitation in order to remedy some of this tax disparity.