

SENATE RESOLUTION No. 123

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED APRIL 19, 2021

Sponsored by:

Senator HOLLY T. SCHEPISI

District 39 (Bergen and Passaic)

SYNOPSIS

Urges federal government to repeal state and local tax deduction caps.

CURRENT VERSION OF TEXT

As introduced.



1 **A SENATE RESOLUTION** urging the federal government to repeal the
2 state and local tax deduction caps.
3
4 **WHEREAS**, New Jersey is a “donor state,” meaning that the State pays
5 more in federal taxes than it receives in federal funding; and
6 **WHEREAS**, Since 1913, American taxpayers, including many New
7 Jersey residents, have had the option of using the federal
8 government’s state and local tax (SALT) deduction when they file
9 their federal income tax returns; and
10 **WHEREAS**, Under the SALT deduction, American taxpayers who
11 itemize on their federal income tax returns, rather than claim the
12 standard deduction, may deduct state and local real estate and
13 personal property taxes as well as either state and local income or
14 sales taxes; and
15 **WHEREAS**, Historically, 41 percent of New Jersey tax filers have
16 claimed the SALT deduction on their federal income tax returns
17 due to the State’s high property taxes; and
18 **WHEREAS**, The federal “Tax Cuts and Jobs Act,” Pub.L. 115-97,
19 which was enacted in December 2017, capped the SALT deduction
20 at \$10,000 for single filers, head of household filers, and married
21 taxpayers filing jointly, and capped the SALT deduction at \$5,000
22 for married taxpayers filing separately; and
23 **WHEREAS**, New Jersey’s high property taxes have only increased
24 since the SALT deduction caps were enacted, with the average
25 property tax bill in 2020 hitting \$9,112, an increase of 105 percent
26 since 2000; and
27 **WHEREAS**, Since the enactment of the SALT deduction caps, many
28 New Jersey residents, including those in the middle class, have
29 moved out of the State to lower-tax states, and repealing the caps
30 would kick-start the development of suburban markets in the State;
31 and
32 **WHEREAS**, Coronavirus Disease 2019 (COVID-19), which is caused
33 by a novel coronavirus called SARS-CoV-2, has caused a global
34 pandemic leading to unprecedented and overwhelming health and
35 economic crises throughout the United States; and
36 **WHEREAS**, New Jersey residents, who already pay some of the highest
37 tax rates and cost of living expenses in the country, are financially
38 struggling in the wake of the COVID-19 pandemic; and
39 **WHEREAS**, The repeal of the SALT deduction caps, coupled with
40 lower State taxes, would provide significant relief to New Jersey
41 residents and help make the State a more affordable place in which
42 to live and conduct business; and
43 **WHEREAS**, New Jersey taxpayers’ hard-earned money should remain
44 with them instead of being subject to high taxes by the State and
45 federal government, which hamper the State’s economic growth;
46 and

3

5 **WHEREAS**, Because many New Jersey residents are facing
6 unprecedented economic hardships, which have been exacerbated
7 by the COVID-19 pandemic, and given the disparity in the amount
8 that New Jersey residents pay in federal taxes in comparison to the
9 amount that they receive in federal funding, it is necessary and
10 proper to urge the federal government to repeal the SALT
11 deduction caps; now, therefore,

15 1. This House urges the federal government to repeal the state
16 and local tax deduction caps.

2. Copies of this resolution, as filed with the Secretary of State, shall be transmitted by the Secretary of the Senate to the President of the United States, the Majority Leader of the United States Senate, the Speaker of the United States House of Representatives, and each member of Congress elected from this State.

27 This resolution urges the federal government to repeal the state
28 and local tax (SALT) deduction caps. The federal “Tax Cuts and
29 Jobs Act,” Pub.L. 115-97, which was enacted in December 2017,
30 capped the SALT deduction at \$10,000 for single filers, head of
31 household filers, and married taxpayers filing jointly, and capped
32 the SALT deduction at \$5,000 for married taxpayers filing
33 separately

Since 1913, American taxpayers, including many New Jersey residents, have had the option of using the SALT deduction when they file their federal income tax returns. Under the SALT deduction, American taxpayers who itemize on their returns, rather than claim the standard deduction, may deduct state and local real estate and personal property taxes as well as either state and local income or sales taxes. Historically, 41 percent of New Jersey tax filers have claimed the SALT deduction on their returns. New Jersey's high property taxes have only increased since the SALT deduction caps were enacted, with the average property tax bill in 2020 hitting \$9,112, an increase of 105 percent since 2000. Since the enactment of the SALT deduction caps, many New Jersey residents, including those in the middle class, have moved out of the State to lower-tax states. Repealing the caps would kick-start

1 the development of suburban markets in the State and would
2 provide significant relief to New Jersey residents.

3 Coronavirus Disease 2019 (COVID-19), which is caused by a
4 novel coronavirus called SARS-CoV-2, has caused a global
5 pandemic leading to unprecedented and overwhelming health and
6 economic crises throughout the United States. New Jersey
7 residents, who already pay some of the highest tax rates and cost of
8 living expenses in the country, are financially struggling in the
9 wake of the COVID-19 pandemic.

10 New Jersey is a “donor state,” meaning that the State pays more
11 in federal taxes than it receives in federal funding. Because many
12 New Jersey residents are facing unprecedented economic hardships,
13 which have been exacerbated by the COVID-19 pandemic, and
14 given the disparity in the amount that New Jersey residents pay in
15 federal taxes in comparison to the amount that they receive in
16 federal funding, the federal government should immediately repeal
17 the SALT deduction caps.