SENATE RESOLUTION No. 97

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED NOVEMBER 5, 2020

Sponsored by:
Senator DAWN MARIE ADDIEGO
District 8 (Atlantic, Burlington and Camden)

SYNOPSIS

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

CURRENT VERSION OF TEXT

As introduced.

A SENATE RESOLUTION urging the federal government to raise the state and local tax deduction to $25,000.

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

WHEREAS, Under the SALT deduction, federal 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; and

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

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

WHEREAS, New Jersey is a "donor state," meaning that the State pays more in federal taxes than it receives in federal funding; and

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

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

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

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

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.

STATEMENT

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

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

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