

ASSEMBLY RESOLUTION No. 269

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED JUNE 21, 2021

Sponsored by:

Assemblywoman JOANN DOWNEY

District 11 (Monmouth)

Assemblywoman VALERIE VAINIERI HUTTLE

District 37 (Bergen)

SYNOPSIS

Petitions federal government to repeal state and local tax deduction cap as part of ongoing COVID-19 response efforts.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ASSEMBLY RESOLUTION** respectfully petitioning the federal
2 government to repeal the state and local tax deduction cap as part
3 of ongoing COVID-19 response efforts.
4

5 **WHEREAS**, Since the establishment of the federal income tax in 1913,
6 American tax policy has followed several guiding principles,
7 including the conviction that double taxation by the federal and
8 state governments should be minimized and the belief that middle-
9 class tax reductions stimulate economic activity; and

10 **WHEREAS**, Rooted in these principles, American taxpayers have been
11 historically permitted to deduct from federal taxable income the
12 balance of all state and local taxes paid during the federal tax year,
13 including state income taxes and local property taxes, as well as
14 state sales taxes in certain circumstances; and

15 **WHEREAS**, Federal income taxpayers can realize this deduction,
16 commonly known as the state and local tax (SALT) deduction, by
17 itemizing their federal income tax return instead of claiming the
18 standard deduction; and

19 **WHEREAS**, In permitting the SALT deduction, the federal government
20 acknowledged the longstanding principle that an individual should
21 not be taxed on income that has already been paid in taxes to state
22 and local governments; and

23 **WHEREAS**, However, in December 2017, the federal government
24 enacted the “Tax Cuts and Jobs Act,” Pub.L. 115-97, which limited
25 the amount of the SALT deduction to \$10,000 for single filers, head
26 of household filers, and married taxpayers filing jointly, and \$5,000
27 for married taxpayers filing separately; and

28 **WHEREAS**, By limiting the amount of state and local taxes that may be
29 deducted from federal taxable year, the “Tax Cuts and Jobs Act”
30 now causes taxpayers residing in certain high-tax states, such as
31 New Jersey, to experience a significantly larger federal tax burden;
32 and

33 **WHEREAS**, Although critics claim that the unlimited SALT deduction
34 only benefited the most affluent taxpayers, the deduction provided
35 much-needed tax relief to middle-class taxpayers in this State, with
36 roughly 40 percent of New Jersey taxpayers having claimed the
37 deduction before the enactment of the “Tax Cuts and Jobs Act”; and

38 **WHEREAS**, Considering that New Jersey’s average property tax bill
39 grew to approximately \$9,100 in 2020, federal tax law now imposes
40 a direct burden on many middle-class households throughout this
41 State, whose local property tax and State income tax liabilities
42 generally exceed the SALT deduction cap; and

43 **WHEREAS**, The need to repeal the SALT deduction cap only
44 intensified after the outbreak of the COVID-19 pandemic, which
45 inflicted unprecedented harm on the health and prosperity of
46 communities across this State; and

AR269 DOWNEY, VAINIERI HUTTLE

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1 **WHEREAS**, New Jersey residents found themselves in the epicenter of
2 the COVID-19 pandemic, as over 26,000 residents have been lost to
3 the pandemic and many more continue to experience economic
4 hardship; and

5 **WHEREAS**, Although the federal government has taken several steps to
6 curb the devastating impacts of the pandemic, more action is
7 needed to provide financial assistance to those communities most
8 impacted by the pandemic; and

9 **WHEREAS**, The United States House of Representatives has already
10 passed several COVID-19 relief packages, including the Heroes
11 Act, H.R.6800, that would remove the SALT deduction cap and
12 provide tax relief to struggling middle-class households; and

13 **WHEREAS**, By repealing the SALT deduction cap, the federal
14 government would not only eliminate an unfair tax practice that
15 disproportionately harms taxpayers residing in high-tax states, but
16 also provide much-needed economic stimulus to tax-burdened
17 middle-class households during a time of crisis; and

18 **WHEREAS**, In light of this reality, it is altogether fitting and proper for
19 the federal government to repeal the SALT deduction cap as part of
20 its ongoing COVID-19 response efforts; now, therefore,

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22 **BE IT RESOLVED** by the General Assembly of the State of New
23 Jersey:

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25 1. This House respectfully petitions the federal government to
26 repeal the state and local tax deduction cap as part of its ongoing
27 efforts to provide economic relief following the COVID-19
28 pandemic.

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30 2. Copies of this resolution, as filed with the Secretary of State,
31 shall be transmitted by the Clerk of the General Assembly to the
32 President and Vice President of the United States, the Majority and
33 Minority Leaders of the United States Senate, the Speaker and
34 Minority Leader of the United States House of Representatives, and
35 every member of the United States Congress elected from the State
36 of New Jersey.

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STATEMENT

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41 This resolution respectfully petitions the federal government to
42 repeal the state and local tax deduction cap as part of its ongoing
43 efforts to respond to the COVID-19 pandemic.

44 Historically, federal law permitted taxpayers to deduct from
45 federal taxable income the balance of all state and local taxes paid
46 during the federal tax year, including state income taxes and local
47 property taxes, as well as state sales taxes in certain circumstances.

1 Federal income taxpayers could realize this deduction, commonly
2 known as the state and local tax (SALT) deduction, by itemizing
3 their federal income tax return instead of claiming the standard
4 deduction. In permitting the SALT deduction, the federal
5 government acknowledged the longstanding principle that an
6 individual should not be taxed on income that has already been paid
7 in taxes to state and local governments.

8 However, in December 2017, the federal government enacted the
9 “Tax Cuts and Jobs Act,” Pub.L. 115-97, which limited the amount
10 of the SALT deduction to \$10,000 for single filers, head of
11 household filers, and married taxpayers filing jointly, and \$5,000
12 for married taxpayers filing separately. By limiting the amount of
13 state and local taxes that may be deducted from federal taxable
14 year, the “Tax Cuts and Jobs Act” now causes taxpayers residing in
15 certain high-tax states, such as New Jersey, to experience a
16 significantly larger federal tax burden.

17 Although critics claim that the unlimited SALT deduction only
18 benefited the most affluent taxpayers, the deduction provided much-
19 needed tax relief to middle-class taxpayers in this State, with
20 roughly 40 percent of New Jersey taxpayers having claimed the
21 deduction before the enactment of the “Tax Cuts and Jobs Act.”
22 Considering that New Jersey’s average property tax bill grew to
23 approximately \$9,100 in 2020, federal tax law now imposes a direct
24 burden on many middle-class households throughout this State,
25 whose local property tax and State income tax liabilities generally
26 exceed the SALT deduction cap.

27 The need to repeal the SALT deduction cap only intensified after
28 the outbreak of the COVID-19 pandemic, which inflicted
29 unprecedented harm on the health and prosperity of communities
30 across this State. New Jersey residents found themselves in the
31 epicenter of the COVID-19 pandemic, as over 26,000 residents have
32 been lost to the pandemic and many more continue to experience
33 economic hardship. Although the federal government has taken
34 several steps to curb the devastating impacts of the pandemic, more
35 action is needed to provide to financial assistance those
36 communities most impacted by the pandemic.

37 The United States House of Representatives has already passed
38 several COVID-19 relief packages, including the Heroes Act,
39 H.R.6800, that would remove the SALT deduction cap and provide
40 tax relief to struggling middle-class households. By repealing the
41 deduction cap, the federal government would not only eliminate an
42 unfair tax practice that disproportionately harms taxpayers residing
43 in high-tax states, but provide much-needed economic stimulus to
44 tax-burdened middle-class households during a time of crisis. In
45 light of this reality, it is altogether fitting and proper for the federal
46 government to repeal the SALT deduction cap as part of its ongoing
47 COVID-19 response efforts.