

STATE OF NEW JERSEY

GOVERNOR PHIL MURPHY

## GOVERNOR MURPHY SIGNS LEGISLATION TO PRESERVE PROPERTY TAX DEDUCTIBILITY FOR NEW JERSEY TAXPAYERS

**East Rutherford** – Protecting New Jersey taxpayers from an increase in the federal income tax as a result of the Trump Administration's cap on the state and local tax deduction (SALT), Governor Phil Murphy today signed legislation allowing municipalities to establish charitable funds where taxpayers can donate in return for a property tax credit.

"What the Trump Administration enacted with the SALT cap was nothing more than a tax hike on our working and middle-class families and seniors," **said Governor Murphy**. "With this legislation, New Jersey authorizes municipalities to allow their taxpayers to make charitable contributions toward important governmental goals in exchange for up to a dollar-per-dollar reduction in their taxes, joining 33 other states that have allowed credits in exchange for charitable contributions without IRS interference. Getting this right is one of our administration's most important tasks in creating a stronger and fairer New Jersey."

"President Trump and Congressional Republicans declared war on New Jersey when they cut the State and Local Tax Deduction, many of our residents depend upon, in order to pay for their massive corporate giveaway. And, while we didn't start this fight, we are not about to back down and surrender. So, I'm proud to stand here with the Governor and other state leaders to say together, in one voice, that we will not take this lying down," **said U.S. Senator Bob Menendez**. "I led the fight against the Trump Tax Bill and the SALT cap, in particular, by sponsoring an amendment in the Senate to fully reinstate the state and local tax deduction. I see no reason why these contributions shouldn't be fully deductible, just like any other charitable contribution, and I plan to use my role as a senior member of the Senate Finance Committee that oversees the IRS and Treasury Department to fight for New Jersey."

"We know that New Jersey families and communities will be among the hardest hit under the disastrous, partisan tax law, with potentially long-lasting effects on services, property value, education, and public safety," **said U.S. Senator Cory Booker**. "I applaud Governor Murphy, Senators Sweeney and Sarlo, Assembly members McKeon, Jasey, and Freiman, and their colleagues for taking this important step to protect hardworking New Jersey families."

"Congressional Republicans designed their tax bill to inflict financial pain on middle class people from New Jersey and other Northeastern states," **Congressman Bill Pascrell said**. "New Jerseyans already pay more than their fair share. This proactive legislation can help protect local taxpayers from the effects of the Republican tax scam so that they aren't squeezed for even more."

"In Jersey, we don't just take a punch and snake away to the corner. No, we stand up and fight," **said Congressman Josh Gottheimer**. "I'm proud to have helped develop the framework for the New Jersey Tax Cut Bill, which today, fewer than four months after it was introduced, is being signed into law. Now, we must work together to keep up the momentum. I've already requested a second meeting with the IRS. I'll also be holding a call this Wednesday, May 9, with Fifth District mayors, to help ensure the new law is put into action quickly to deliver real tax relief for New Jersey families and businesses."

The federal tax law will hurt many New Jersey taxpayers who pay more than \$10,000 in state and local property taxes. Estimates indicate that more than 1 in 10 New Jersey households will see an increase in their federal income taxes.

To mitigate the federal tax law, the legislation, S-1893, allows taxpayers to donate to a charitable fund established by their municipality, county, or school district. In return for their donation, the taxpayer receives a credit on their property tax bill of up to 90 percent of the donation.

Taxpayers would then be able to claim their donation as a charitable deduction on their federal income tax return, preserving the deduction homeowners enjoyed for the more than 100 years since the federal income tax was instituted in 1913.

The Division of Local Government Services within the Department of Community Affairs will be available to assist municipalities participating in the creation of charitable funds for their respective communities.

Sponsors of the legislation include: Senate President Steve Sweeney and Senator Paul Sarlo as well as Assembly Members John McKeon, Mila Jasey and Roy Freiman.

### **Mayoral Statements of Support**

"As Mayor of Morristown, I fully support Governor Murphy's new State and Local Tax (SALT) legislation, which will create a framework for homeowners across New Jersey to continue deducting their property taxes. A significant number of Morristown homeowners will be negatively impacted by the recent changes in federal tax law, and I believe this SALT legislation will greatly benefit these individuals. Allowing local governments to accept property tax payments in the form of charitable contributions will let municipalities like Morristown provide tax credits to these property owners. These tax credits will offset the majority of their property tax bills and maintain the write-off on their federal income taxes. I'm proud that Governor Murphy and the leaders of New Jersey are working to preserve the current tax deductions and improve the financial stability of New Jersey homeowners."

#### **Mayor Timothy Dougherty Morristown**

"The Republican tax bill caps the state and local tax (SALT) deduction at \$10,000 even though #NJ sends billions of dollars more to DC than it receives in services. I support Governor Murphy's charitable tax fund legislation which is especially important for #Haledon's taxpayers."

#### **Mayor Domenick Stampone Borough of Haledon**

"As Mayor of West Milford, a CPA, and a lifelong NJ resident, I am completely supportive of the Governor's initiative to address the SALT limitations effective beginning 2018 and appreciate his speedy action. Assuming the township council agrees to create the Charitable Trust, this legislation will generate Federal income tax savings for 31% of West Milford residents currently paying over \$10,000 annually in property taxes. Of course, even more residents will see savings if their combined total state income tax & property tax exceeds that limit. Furthermore, this legislation protects the housing market, protects the long-term benefits of home ownership, and prevents a mass exodus from NJ."

#### **Bettina Bieri Mayor West Milford Township**

"Today, Governor Murphy is giving municipalities throughout the state a real choice on how to address the double taxation legislation that's come out of Washington. We have been researching this issue here in Parsippany, and look forward to having options for our residents to save tax dollars."

#### **Mayor Michael Soriano Township of Parsippany-Troy Hills**

"With the change in tax code and with new limits of \$10k in SALT deduction, many NJ towns are evaluating the option of setting Charitable funds. NJ State back in February of this year also approved a bill (1893) allowing towns to set up charitable bodies that can allow credit towards tax bill. I support the Governor 100% on this issue. (as long as it doesn't affect our revenue stream)"

#### **Mayor Jon Dunleavy Borough of Bloomingdale**

"Governor Murphy: I am sorry that I am unable to join you as you sign in to law the legislation that will enable our residents to preserve SALT deductions through charitable donations to their municipalities. The middle class in Madison and throughout our state have chosen New Jersey because of our commitment to strong education and excellent municipal services. Many families have stretched themselves to give their children the great life offered in

our many communities. Now the middle class, who felt squeezed enough already face the limits put on the SALT deduction. This has put a tremendous strain on families who counted on this deduction including one in four homeowners in Madison. Your support of creating a donation/tax credit vehicle, which is already used by many states will greatly ease this burden.

“We must also continue to fight for the full restoration of the SALT deduction by congress. New Jersey was already getting only \$0.72 back on the dollar so we are subsidizing even more. Many states have made the choice of subsidizing low taxes on the backs of their teachers and quality education for their children. New Jersey will never lower our standards so the full SALT deduction is important to our middle class and protecting our high quality of life in the Garden State.”

**Robert H Conley**  
**Mayor - Borough of Madison**

“The responsiveness of Governor Phil Murphy to the needs of the tax payers of NJ, after the unfair burden placed on them by the Trump Tax Bill, is another example that we have a true leader in Trenton. SALT will help many of our residents get their fair share of their taxes back to them so they can support the needs of their families.”

**Mayor Mohamed T. Khairullah**  
**Borough of Prospect Park**

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## Governor Phil Murphy

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