RESOLUTION No. R-17-219

RESOLUTION OF THE TOWNSHIP COUNCIL OF THE TOWNSHIP OF LIVINGSTON URGING CONGRESS, AS FEDERAL INCOME TAX REFORM ADVANCES, TO PROTECT THE DEDUCTIBILITY OF STATE AND LOCAL TAXES

WHEREAS, the Federal Tax Code is incredibly complex and every one of it provisions was enacted for a reason. While some of those reasons may no longer serve the public's interest, others remain fair and effective tools that promote the general welfare; and

WHEREAS, the deduction for state and local taxes (SALT) has been a feature of the tax code for more than 100 years. In 1913, the first federal income tax form allowed taxpayers to deduct state and local taxes, one of only six deductions allowed at the time. Even the federal Civil War tax in 1862 included a deduction for SALT; and

WHEREAS, this provision ensures against double taxation and reflects mandatory tax payments, which support public services that benefit all citizens, such as K-12 schools, law enforcement and public safety, transportation and infrastructure, and vital community an d public health services; and

WHEREAS, taxpayers in all 50 states—and in both Democratic and Republican congressional districts—benefit from the SALT deduction. The SALT deduction is claimed by taxpayers of all income levels. The deduction is especially important for middle income homeowners, as fifty percent of these deductions claimed by taxpayers making $50,000 to $100,000 are for property taxes; and

WHEREAS, the SALT deduction does not unfairly benefit taxpayers in high tax states. To the contrary, low tax states are generally more dependent on the federal government, receiving more in federal funding than they pay in federal taxes. According to one study, Mississippi, Alabama and Louisiana are among the most subsidized states, receiving about $3 in federal spending for every $1 contributed in taxes; while New Jersey, New York and Illinois are among the states that receive less than $1 from the federal government for every $1 paid in federal taxes; and

WEHREAS, eliminating the SALT deduction would raise taxes on middle class homeowners—even if the standard deduction were doubled. A recent study commissioned by the National Association of Realtors found that homeowners with adjusted gross incomes (AGI) between $50,000 and $4100,000 would see an average tax increase of $815 if SALT were eliminated and the standard deduction were doubled; and

WHEREAS, SALT is strongly tied to home ownership since the overwhelming number of itemizers who claim the deduction (44 million) deduct property taxes (40,7 million) and mortgage interest (35.4 million). Eliminating SALT will diminish the value of the mortgage interest deduction, resulting in a 10% decline in home values in the immediate term; no, therefore, be it

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Township Council of the Township of Livingston, County of Essex, State of New Jersey urges New Jersey's U.S. senators, Robert Menendez and Cory Booker, and Representative Rodney Frelinghuysen to oppose, with voice and vote, any proposal to eliminate the fair and reasonable SALT deductibility provision from the Federal Tax Code; and be it, further;

RESOLVED, that copies of this resolution be forwarded to our above named representatives in Congress, all other Members of the House of Representatives representing New Jersey taxpayers and municipalities, and to the New Jersey State League of Municipalities.

Shawn R. Klein, Mayor

Glenn R. Turtletaub, Township Clerk

Approved as to form:

Sharon L. Weiner, Township Attorney
Adopted: December 11, 2017
To Be Memorialized: December 18, 2017