



Senate Republicans to restore some of your property tax break in Trump-backed tax bill

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WASHINGTON -- U.S. Senate Republicans have agreed to allow homeowners to deduct up to \$10,000 of property taxes, restoring part of a tax break important to New Jersey residents.

U.S. Sen. Susan Collins, R-Maine, made the announcement Thursday as she endorsed the Senate Republican tax legislation, bringing it closer to passage.

U.S. Sen. Robert Menendez, D-N.J., said it wasn't enough as he pushed on the Senate floor to restore the full state and local tax deduction.

"No matter how you slice it, gutting or even limiting the state and local tax deduction is a direct assault on middle class families in America's highest-earning, most economically productive states," Menendez said.

Senate Republican leaders said they had enough votes to pass the legislation, which would lower income tax rates, eliminate a wide variety of tax breaks, and increase the child tax credit.

The bill would increase the federal deficit by more than \$1 trillion over 10 years, even after factoring in economic growth, according to the Republican-led congressional Joint Committee on Taxation.

The property tax proposal is the same one in the House bill opposed by 11 of New Jersey's 12 U.S. representatives. By adding it to the Senate measure, Republicans are likely to retain at least some of the state and local tax deduction in their final bill.

But the reduced property tax break would be worthless to most New Jerseyans as they no longer would have enough other deductions to exceed the higher \$24,000 standard deduction, according to New Jersey Policy Perspective, a progressive research group.

Meanwhile, the increased standard deduction would be offset by the elimination of the \$4,050 per person exemption for a family of three.

For those New Jerseyans still able to itemize their deductions, the property tax cap would fall short of their actual amount paid in areas of the state; the average property tax in four counties already exceeds \$10,000.



New Jersey could find it harder to attract companies as their executives could face property tax bills of as much as \$30,000 in parts of the state, said John Boyd, principal with the Princeton-based Boyd Co., which advises companies on where to locate.

"The other states are beginning to salivate," Boyd said. "People really underestimate the role that property taxes pay in industry attraction and industry retention."

Menendez said the abridged tax break didn't cancel out the damage done to middle-class families in the legislation.

"Don't let the Republicans fool you if they air-drop an amendment at the last minute that throws a few crumbs at New Jersey families and call it a victory," Menendez said. "Carve outs, caps, and exceptions are nothing but gimmicks meant to distract the public from what's really going on."

GOP lawmakers and Trump administration officials have claimed that the state and local tax deduction was a subsidy for high-tax states.

"What we have in the current law is a mechanism by which low-tax states are required to subsidize high-tax states," said U.S. Sen. Patrick Toomey, R-Pa.

New Jerseyans sent \$31 billion more to Washington in 2015 than they received in services, second only to New York, according to the State University of New York's Rockefeller Institute of Government. Pennsylvania received \$18 billion more than it paid in federal taxes.

"I'll make a deal with you," Menendez said in a response to Toomey. "Since you claim to not support states subsidizing other states, how about you send all of the extra federal dollars you receive - the subsidy the rest of us pay to Pennsylvania - and transfer that to New Jersey? Sound like a deal? I didn't think so."