

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2360

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 12, 2020

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 2360.

This bill allows a New Jersey gross income tax deduction for charitable contributions that are made to certain New Jersey-based charitable organizations during the COVID-19 pandemic to encourage philanthropic giving to Garden State charities.

Under this bill, New Jersey gross income taxpayers are allowed to deduct from gross income charitable contributions that are made during the taxable year during the COVID-19 pandemic to a qualified New Jersey-based charitable organization. The bill provides that the amount of the deduction is limited to \$20,000 for joint filers and head of households and \$10,000 for single filers, married taxpayers filing separately, or surviving spouses.

The bill defines “exclusion period” as the time when the Governor issued Executive Order No. 103 of 2020 declaring a public health emergency for the COVID-19 pandemic (March 9th, 2020) until there is no longer a public health emergency. The bill defines “qualified New Jersey-based charitable organization” as a charitable organization that is registered pursuant to the “Charitable Registration and Investigation Act,” or an organization that is exempt from the registration requirements of that act, and maintains an office, employs persons, and provides services in this State.

This bill takes effect immediately upon enactment and applies to charitable contributions that are made during the exclusion period.

COMMITTEE AMENDMENTS:

The committee amendments clarify the definition of “charitable contribution” to mean the same as the term is defined by subsection (c) of section 170 of the federal Internal Revenue Code of 1986 (26 U.S.C. c.170).

FISCAL IMPACT:

The Office of Legislative Services (OLS) is unable to determine the exact magnitude of the State gross income tax revenue loss from the charitable contribution deduction provided in this bill, given the

absence of information on contributions by New Jersey gross income taxpayers to qualified New Jersey-based charitable organizations.

The OLS cannot predict when the exclusion period will conclude. As an example, if the exclusion period ends in June, then taxpayers will have had four months' worth of eligible charitable contributions they can deduct on their Tax Year 2020 gross income tax returns. Thus, the prorated range of the estimated State revenue loss would be \$72.8 million to \$124.9 million. Given the financial issues people are experiencing due to the coronavirus disease 2019 (COVID-19) pandemic, charitable contributions could decrease, which in turn decreases the magnitude of the impact of this bill.