

# SENATE RESOLUTION No. 69

---

## STATE OF NEW JERSEY

### 219th LEGISLATURE

---

INTRODUCED JUNE 4, 2020

**Sponsored by:**

**Senator JOSEPH PENNACCHIO**

**District 26 (Essex, Morris and Passaic)**

**Co-Sponsored by:**

**Senator O'Scanlon**

**SYNOPSIS**

Urges US Congress to adopt legislation allowing commercial property owners to claim certain amounts of commercial tenant rent forgiveness during COVID-19 pandemic as deduction against property owner's income.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 6/25/2020)

**SR69 PENNACCHIO**

2

1   **A SENATE RESOLUTION** urging the United States Congress to adopt  
2       legislation allowing commercial property owners to claim certain  
3       amounts of commercial tenant rent forgiveness during the  
4       COVID-19 pandemic as a deduction against the property owner’s  
5       income.  
6

7   **WHEREAS**, COVID-19, a novel coronavirus, is a respiratory illness  
8       that was first identified during an outbreak in Wuhan, China and  
9       has since expanded across various continents including Asia,  
10      Europe, North America, South America, Africa, and Australia  
11      resulting in a worldwide pandemic; and

12   **WHEREAS**, There have been millions of cases of COVID-19  
13      confirmed worldwide with more than one million confirmed cases  
14      in the United States and over one hundred thousand confirmed  
15      cases across the state of New Jersey; and

16   **WHEREAS**, The COVID-19 outbreak has caused states, businesses, and  
17      schools to participate in “social distancing” steps to prevent the  
18      further spread of the virus; in addition to social distancing  
19      guidelines, Governor Murphy issued Executive Order 107 which  
20      required all New Jersey residents to stay at home until further  
21      notice and also required the closure of all non-essential businesses;  
22      and

23   **WHEREAS**, Non-essential businesses, such as retail, recreational, and  
24      entertainment businesses, were forced to shut down operations for  
25      the duration of the COVID-19 pandemic; non-essential businesses  
26      have been closed for more than one month and will continue to be  
27      closed into the foreseeable future; and

28   **WHEREAS**, Businesses that were closed as a result of the COVID-19  
29      pandemic have suffered substantial financial hardships; businesses  
30      have had to layoff employees, have lost significant revenue, and  
31      many are at risk of bankruptcy and closure; and

32   **WHEREAS**, Without being able to generate revenue during the months  
33      of the COVID-19 pandemic, closed businesses, and businesses  
34      unable to operate in their full-capacity, are struggling to pay rental  
35      payments due on their properties; commercial tenants’ inability to  
36      pay rental payments due on their properties has left many  
37      commercial property owners at risk of foreclosures; and

38   **WHEREAS**, The United States Congress should adopt legislation  
39      allowing commercial property owners to claim certain amounts of  
40      commercial tenant rent forgiveness during the COVID-19 pandemic  
41      as a deduction from the taxpayers federal income tax; commercial  
42      property owners should be able to claim a deduction of up to  
43      \$15,000 of rental forgiveness provided to struggling businesses  
44      during the months, up to no more than three months, of the  
45      COVID-19 pandemic; and

46   **WHEREAS**, Allowing commercial property owners to claim these tax  
47      deductions from their federal income tax will serve as an incentive

SR69 PENNACCHIO

3

1 for commercial property owners to provide rental forgiveness to  
2 struggling businesses during the COVID-19 pandemic; and  
3 **WHEREAS**, Having the ability to claim these deductions will help  
4 commercial tenant owners who would be otherwise faced with  
5 foreclosure while also reducing the number of businesses defaulting  
6 on their leases; and  
7 **WHEREAS**, Adopting this legislation will help to prevent a glut of  
8 vacancies in commercial properties across the country, help  
9 struggling businesses to survive the COVID-19 pandemic, and help  
10 the United States economically recover after the COVID-19  
11 pandemic ceases; now, therefore,

12

13 **BE IT RESOLVED** *by the Senate of the State of New Jersey:*

14

15 1. This House urges the United States Congress to adopt  
16 legislation allowing commercial property owners who provide  
17 rental forgiveness to struggling businesses during the COVID-19  
18 pandemic to deduct up to \$15,000 of the amount of rent forgiveness  
19 provided by the commercial property owner to each commercial  
20 tenant, over a period of not more than three months, from the  
21 commercial property owner's federal income tax. The deduction  
22 will only apply to rent forgiven within the months declared to be a  
23 public health emergency by the federal government. Taxpayers will  
24 also be unable to claim the deduction if the rent forgiveness was  
25 provided to businesses that are part of the same controlled group or  
26 the same affiliated group as the taxpayer. In addition, commercial  
27 property owners will be unable to charge tenants any interest or  
28 penalties during the months that the commercial property owner is  
29 taking advantage of this tax deduction.

30

31 2. Copies of this resolution, as filed with the Secretary of State,  
32 shall be transmitted by the Secretary of the Senate to the Majority  
33 and 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 New Jersey congressional delegation.

36

37

38 STATEMENT

39

40 This resolution urges the United States Congress to adopt  
41 legislation allowing commercial property owners to claim certain  
42 amounts of commercial tenant rent forgiveness during the COVID-  
43 19 pandemic as a deduction against the property owner's income.

44 The COVID-19 pandemic has been a human tragedy that has  
45 affected the lives of millions worldwide. COVID-19 has also  
46 severely impacted the global economy resulting in massive  
47 unemployment claims and financial difficulties. Non-essential  
48 businesses have been forced to close which has resulted in an

**SR69 PENNACCHIO**

4

1 inability to generate revenue during the months of the COVID-19  
2 pandemic. These businesses are struggling to make rental payments  
3 due on their properties and their commercial property owners are  
4 faced with potential foreclosures.

5 Businesses who have been negatively impacted by the COVID-  
6 19 pandemic are in need of rental forgiveness, so that they can  
7 continue to operate after the COVID-19 pandemic ceases. In  
8 addition, commercial property owners who forgive rent to  
9 businesses during the COVID-19 pandemic should be rewarded  
10 with the ability to claim portions of their rental forgiveness, up to  
11 \$15,000, as a deduction against their federal income tax. Having  
12 the ability to claim this tax deduction will help to incentivize  
13 commercial property owners to offer rental forgiveness to  
14 businesses that are in need of financial assistance. This legislation  
15 will help struggling businesses to survive the COVID-19 pandemic,  
16 prevent a glut of vacancies in commercial properties across the  
17 state, and help the state of New Jersey economically recover after  
18 the COVID-19 pandemic ceases. For these reasons, the United  
19 States Congress should adopt legislation allowing commercial  
20 property owners to claim certain amounts of commercial tenant rent  
21 forgiveness during the COVID-19 pandemic as a deduction against  
22 the property owner's income.