



## ***The State and Local Tax (SALT) Deduction and Your District***

The tax reform outline released by the “Big Six” leaders in Washington on September 27, 2017, eliminates the state and local tax deduction (SALT). Americans Against Double Taxation, a coalition of state and local government organizations, realtors, educators, public safety organizations and other stakeholders, has now formed to help protect this federal tax deduction claimed by 44 million American taxpayers that supports vital investments in infrastructure, public safety, home ownership and education. Elimination of SALT would cost households, 86% of whom make less than \$200,000, \$1.3 trillion over a ten year period.

- **SALT prevents double taxation and preserves fiscal federalism.** 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. SALT prevents double taxation of Americans by allowing taxpayers to claim a deduction for the state and local taxes they have already paid from their incomes, and maintains carefully balanced fiscal federalism by allowing state and local governments to support state and local services.
- **SALT benefits the middle class.** Nearly 86 percent of taxpayers who claim the SALT deduction have an adjusted gross income of under \$200,000. The Tax Policy Center analyzed the “Big Six” plan and found that found nearly 30 percent of taxpayers with incomes between \$50,000 and \$150,000 would see a tax increase under the tax plan that eliminates the deduction for state and local taxes (SALT).
- **SALT benefits homeowners.** 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 an adjusted gross income between \$50,000 and \$200,000 would see an average tax increase of \$815 if SALT were eliminated and the standard deduction were doubled.
- **SALT supports the community.** If SALT is eliminated, vital public sector services, including infrastructure, public safety, homeownership and education, will be at risk. This is because the after tax cost to taxpayers of these services will increase, and state and local governments will find it harder to maintain the necessary level of services.
- **SALT is bipartisan and national.** SALT is claimed by 44 million taxpayers in all 50 states, in both Democratic and Republican districts.
- **SALT must be fully preserved – without limitation or modification.** Any limitations, restrictions or changes to SALT would create a slippery slope that would subject SALT to continued erosion whenever Washington needs more money - at the expense of 44 million middle class households and homeowners who now claim this deduction.