

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

June 25, 2019

The Honorable Richard Neal, Chairman
Committee on Ways and Means
1102 Longworth House Office Building

The Honorable Michael Thompson, Chairman
Subcommittee on Select Revenue Measures
1102 Longworth House Office Building

Dear Chairman Neal and Chairman Thompson,

Thank you for convening this hearing today about the limitation on state and local tax deduction. State and local politicians in high-tax areas have brutally taxed their residents for far too long. Repealing the cap on state and local taxes adds more than \$600 billion to the national debt.

The average middle-income family making less than \$75,000 would receive less than \$5 per year if the SALT cap were repealed. Millionaires, however, would reap approximately \$350 billion over the next ten years. **This is a tax cut for millionaires and the wealthy.**

A repeal would also give local politicians the green light to raise taxes on their constituents even further. State revenues hit an all-time high following tax reform, and these states should instead be finding ways to pass this revenue windfall onto their citizens.

Thanks to TCJA and our growing economy, families have more money in their pockets from lower taxes and higher paychecks. This is true across the country, in both low- and high-tax states.

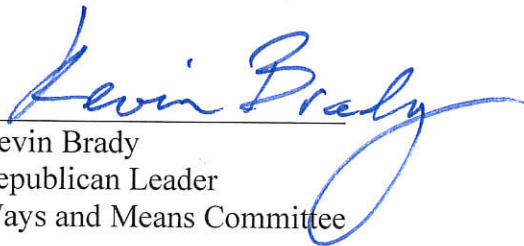
Congress has been placing limits on SALT deductibility dating back to 1944 when the standard deduction was first adopted. Later Congress adopted other limits, including the so-called Pease limitation and the alternative minimum tax. Under the alternative minimum tax, the SALT deduction is entirely eliminated. TCJA repealed the Pease limitation and largely repealed the alternative minimum tax for all but the most affluent taxpayers.


Many states have experienced revenue windfalls after TCJA, including high-tax states. Instead of trying to develop gimmicky SALT work-arounds and demanding large tax cuts for their wealthy households, these high-tax states should use these extra revenues to reduce the oppressive tax burdens that they have placed on their families and residents. High state and local taxes make many cities unaffordable for middle-class families by driving up the cost of housing, food, and utilities.

We can do more to address these problems. Members of Congress should work together to help make the cost of living more affordable, and not return to the slow growth and stagnant paychecks of the past decade.

America's middle class is benefiting from a strong economy, growing wages, and plentiful job opportunities thanks to TCJA. We should not reverse course and return to the bad old days of economic stagnation when too many Americans were left behind.

Sincerely,


Kevin Brady
Republican Leader
Ways and Means Committee


Adrian Smith
Republican Leader
Select Revenue Measures