



Coalition of Local Governments, Schools, and Realtors Urging New York's Congressional Delegation to Reject Federal Tax Reforms that Overtax NYers

The associations representing New York State's schools, local governments, and realtors today renewed their push to protect the State and Local Tax deduction which is partially eliminated under the tax proposal released by Representative Kevin Brady who chairs the House Ways and Means Committee.

The coalition says that by eliminating the deduction for state and local income and sales taxes and capping the deduction for local property taxes at \$10,000, the bill would cause many families in New York to face a tax increase and destabilize the housing market by eliminating aNY key incentive for homeownership.

Nearly 96 percent of federal income tax itemizers utilize the state and local tax (SALT) deduction. In 2015, over 3.3 million households in New York State claimed the SALT deduction, at the highest average of any state in the nation at around \$24,000. In addition, a recent study by PwC commissioned by the National Association of Realtors found that homeowners with AGI between \$50,000 and \$200,000 would see an average annual tax increase of \$815 if the deduction for state and local taxes is eliminated, even when paired with a doubling of the standard deduction.

The SALT deduction for federal income tax purposes has been a part of the tax code since its official inception in 1913, and even earlier with the precedent set by President Lincoln and the Civil War income tax. The deduction was one of the six original federal tax deductions because it represents a core principle of federalism in that it prevents double taxation since state and local taxes are mandatory payments.

In light of its anticipated impact on New York State tax filers, the respective leaders from New York State are asking the congressional delegation to oppose even the partial the elimination of SALT as they consider the overall federal tax reform package.

Quotes from Coalition Members

“The house tax plan is a direct attack on New York taxpayers and homeowners. Increasing middle class taxes to subsidize corporate tax cuts is an affront to struggling Americans. Now that the details are known, New York's congressional delegation has no choice but to reject this plan and protect the New Yorkers they were elected to serve.”

- Peter Baynes, Executive Director, NY Conference of Municipalities.

“Even a partial elimination of SALT deduction would start a chain reaction that will immediately hurt all New Yorkers. 3.3 million New York households rely on SALT deductions to make home ownership affordable. New York State receives just 84 cents back for every dollar it sends in taxes to the federal government, and now they want more. We encourage the New York congressional delegation to not waiver on SALT deductions. They must be preserved in full.”

- Gerry Geist, Executive Director, Association of Towns of the State of New York

“If middle- and working-class New Yorkers see their federal income taxes go up, they will understandably look to reduce their overall tax burden. Since school budgets are the only budgets in New York that are put to a public vote, the most obvious way for taxpayers to reduce their taxes is to push back on school budgets – even on responsible, modest budgets with a low tax impact.”

- Timothy G. Kremer, Executive Director, New York State School Boards Association

“We continue to urge the New York Congressional Delegation to reject efforts to enact federal tax reform if it includes the repeal of the State and Local Tax deduction (SALT). By preserving and capping the property tax deductions aspect of SALT, the federal government is dictating the type of taxation that states should be enacting. New York State does not need any more motivation to depend on property taxes to fund their programs. This would set a whole new precedent in dictating taxation from Washington, and we urge our representatives to vote no.”

- Putnam County Executive MaryEllen Odell, president of the New York State Association of Counties.

“Our initial read of the House tax proposal released today is that it will harm many New York homeowners. It will lessen the value of the property tax deduction and it cuts a host of other key housing-related tax incentives. New York’s REALTORS® urge the seven GOP House members from New York who voted with homeowners last week to continue to resist this tax reform proposal. We will have additional comments upon a thorough reading of the bill.”

- Duncan MacKenzie, CEO, NY State Association of Realtors