

An Open Letter to Congress:

Reduce Tax Rates for All Taxpayers by Eliminating Unproductive SALT Deduction

States desperately need a return to robust national economic growth in addition to fiscal discipline on the spending side of the ledger. **Eliminating the state and local tax (SALT) deduction would provide upwards of \$1.5 trillion over the next decade to implement broad-based tax cuts nationally.** This overhaul would spur the growth in economic output needed to jolt business investment, personal income growth, and job growth.

In addition to being a roadblock to broad federal tax reforms, the SALT deduction partially shifts the costs of mismanagement elsewhere. Thanks to SALT, income earners and businesses in lower-taxed states pay a higher effective federal income tax rate than their high-taxed counterparts since they deduct less from their taxable income. **In effect, citizens in more fiscally responsible regions subsidize the malfeasance of politicians thousands of miles away.**

Adding to the innate unfairness of the current SALT deduction, **only a small fraction of those paying state and local taxes realize any federal tax benefit from the deduction.** Only 30 percent of tax filers itemize at all for the simple fact that individuals must choose between the “standard deduction” of either \$6,300 or the total of all other allowable deductions. In other words, all workers pay state and local taxes; but only the minority of workers who itemize deductions see a partial “refund” of those taxes paid. A far lower percentage of middle-class workers itemize compared to their higher-earning counterparts. As a result, the SALT deduction operates very similarly to a regressive tax by rebating a relatively higher portion of state and local taxes as one earns more income. Lowering the tax rates on all by eliminating the SALT deduction will benefit all Americans—wealthy and poor alike—by incentivizing the investments in business enterprises and technology needed to accelerate national economic growth.

For many taxpayers outside of the high-tax locales, the savings from lower federal rates will outweigh the loss of the federal deduction even without positive changes at the state and local level. **Abolishing SALT would force residents to take a much harder look at their state and local tax rates.** Especially in the highest taxed states, the loss of the deduction will increase community demands for more responsible management of government resources. But even taxpayers in high-tax areas disproportionately benefiting from the existing SALT deduction will benefit from its elimination. The larger tax base resulting from accelerated growth will alleviate some of the impetus for higher state and local rates.

The hardworking men and women of America need pro-growth tax reform to ensure a healthy economy in the months and years ahead. Incentivizing investment and business expansion by lowering the penalty on success (the income tax) produces far more growth than subsidizing state and local government spending through the SALT deduction. For these reasons, we support efforts to eliminate the state and local income tax deduction in exchange for lower federal income tax rates across the board.

The state legislators listed below come from all regions of the country and represent thousands of people.

Arkansas

Representative Karilyn Brown

Arizona

Councilman Sal DiCiccio
Representative Benjamin Toma
Representative Mark Finchem
Representative Vince Leach
Senator Sylvia Allen
Senator Debbie Lesko

Colorado

Representative Lori Saine
Representative Dave Williams
Senator Kevin Lundberg

Florida

Representative Ralph Massullo
Representative Mike Hill
Representative Neil Combee

Georgia

Representative Matt Dollar

Iowa

Representative Rob Taylor

Idaho

Representative Eric Redman
Senator Steve Vick

Indiana

Councilman Brian Jessen
Councilman Fred Glynn
Representative David Wolkins
Representative Sean Eberhart
Representative David Frizzell
Representative Mike Speedy
Representative Woody Burton
Representative Heath VanNatter

Representative Gregory Steuerwald
Senator Brandt Hershman
Senator Mike Young
Senator Jim Buck
Senator Mark Messmer

Kansas

Senator Mary Pilcher-Cook
Senator Ty Masterson

Kentucky

Senator Ernie Harris
Representative C.Wesley Morgan

Maryland

Delegate Susan Krebs
Senator Robert Cassilly
Senator Gail Bates
Delegate Ric Metzgar

Maine

Representative Trey Stewart
Representative Matthew Harrington
Senator Andre Cushing

Michigan

Representative Michael Webber

Minnesota

Representative Sondra Erickson
Representative Cindy Pugh
Senator Mary Kiffmeyer
Senator Roger Chamberlain

Missouri

Representative Donna Lichtenegger
Representative Charlie Davis
Representative Cody Smith
Representative Kurt Bahr
Representative Justin Hill

Representative Keith Frederick
Representative T.J. Berry
Representative Bruce DeGroot
Representative Nick Schroer
Representative Scott Fitzpatrick
Senator Wayne Wallingford
Senator Ed Emery

Mississippi

Speaker Phil Gunn

Montana

Senator Roger Webb

North Carolina

Representative Jason Saine

North Dakota

Representative Craig Headland

Nebraska

Senator John Lowe
Senator Jim Smith

New Hampshire

Representative Jesse Edwards
Representative Gary Daniels
Representative Ken Weyler

New Mexico

Representative Yvette Herrell

Ohio

Councilman Ethan Reynolds
Representative Tom Brinkman
Representative Andrew Brenner
Representative Andy Thompson
Representative Wes Goodman
Representative Bill Seitz
Representative Ronald Young
Representative Bill Coley
Representative Wes Retherford

Oklahoma

Representative Kevin Calvey

Pennsylvania

Representative Brian Ellis
Representative Eric Nelson
Representative Seth Grove
Representative Stan Saylor
Senator Richard Alloway

South Carolina

Representative Garry Smith
Representative Alan Clemmons

South Dakota

Representative John Mills
Representative Taffy Howard
Representative Hal Wick
Representative Tim Goodwin
Senator Jim Stalzer

Tennessee

Representative Martin Daniel
Representative Dan Howell
Senator Brian Kelsey

Texas

Honorable Ron Simmons
Representative Kevin Roberts
Collin County Judge Keith Self

Utah

Senator Wayne Neiderhauser
Senator J. Stewart Adams
Representative Brian Greene

Virginia

Councilman Jon Russell
Speaker Bill Howell

Wisconsin

Representative John Nygren
Senator Leah Vukmir
Senator Alberta Darling
Senator Devin LeMahieu

West Virginia

Delegate Kelli Sobonya
Delegate Eric Householder
Delegate Gary Howell

Wyoming

Representative Dan Laursen

Councilman Dicky Shanor
Representative Donald Burkhart
Representative Dr. Timothy Hallinan
Senator Jeff Wasserberger
Representative Danny Eyre