

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 and local elected officials listed below represent millions of Americans from every corner of the United States

Alabama

Representative Jack Williams

Arizona

Senate President Steve Yarbrough

Senator John Kavanagh

Senator Sylvia Allen

Senator Debbie Lesko

Representative Benjamin Toma

Representative Mark Finchem

Representative Vince Leach

Councilman Sal DiCiccio

Arkansas

Representative Karilyn Brown

Colorado

Senator Kevin Lundberg

Representative Lori Saine

Representative Dave Williams

Representative Susan Beckman

Connecticut

Representative Joe Piscopo

Florida

Representative Ralph Massullo

Representative Mike Hill

Representative Neil Combee

Georgia

Representative Matt Dollar

Representative Bruce Williamson

Hawaii

Representative Gene Ward

Idaho

Senator Steve Vick

Representative Eric Redman

Representative Jeff Thompson

Indiana

Senator Jim Buck

Senator Brandt Hershman

Senator Mike Young

Senator Mark Messmer

Senator Luke Kenley

Representative David Wolkins

Representative Sean Eberhart

Representative David Frizzell

Representative Mike Speedy

Representative Woody Burton

Representative Heath VanNatter

Representative Gregory Steuerwald

Councilman Brian Jessen

Councilman Fred Glynn

Iowa

Representative Rob Taylor

Kansas

Senator Mary Pilcher-Cook

Senator Ty Masterson

Senator Gene Sullentrop

Representative John Barker

Kentucky

Senator Ernie Harris

Representative C. Wesley Morgan

Maine

Senator Andre Cushing

Representative Trey Stewart

Representative Matthew Harrington

Representative Nathan Wadsworth

Maryland

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

Michigan

Senator Phil Pavlov
Representative Tim Kelly
Representative Michael Webber

Minnesota

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

Mississippi

Senator Josh Harkins
Speaker Phil Gunn

Missouri

Senator Wayne Wallingford
Senator Ed Emery
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
Representative Jared Taylor

Montana

Senator Roger Webb

Nebraska

Senator John Lowe
Senator Jim Smith

New Hampshire

Senator Gary Daniels
Representative Jesse Edwards
Representative Ken Weyler

New Mexico

Representative Yvette Herrell

North Carolina

Representative Jason Saine

North Dakota

Representative Craig Headland
Representative Karen Rohr

Ohio

Senator Lou Terhar
Senator Bill Coley
Speaker Cliff Rosenberger
Representative Gary Scherer
Representative Tom Brinkman
Representative Andrew Brenner
Representative Andy Thompson
Representative Wes Goodman
Representative Bill Seitz
Representative Ronald Young
Representative Wes Retherford
Councilman Ethan Reynolds

Oklahoma

Representative Kevin Calvey

Pennsylvania

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

South Carolina

Representative Garry Smith
Representative Alan Clemmons

South Dakota

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

Tennessee

Senator Brian Kelsey
Senator Bill Ketron
Representative Martin Daniel
Representative Dan Howell

Texas

Representative Ron Simmons
Representative Kevin Roberts
Representative Rick Miller
Collin County Judge Keith Self

Utah

Senate President Wayne Niederhauser
Senator J. Stuart Adams
Representative Brian Greene

Virginia

Speaker Bill Howell
Delegate Kathy Byron
Councilman Jon Russell

West Virginia

Delegate Kelli Sobonya
Delegate Eric Householder
Delegate Gary Howell

Wisconsin

Senator Leah Vukmir
Senator Alberta Darling
Senator Devin LeMahieu
Representative John Nygren
Representative John Macco
Representative Mike Kuglitsch

Wyoming

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