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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE RESOLUTION

No. 617 Session of  
2017

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INTRODUCED BY DeLUCA, NOVEMBER 27, 2017

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REFERRED TO COMMITTEE ON FINANCE, NOVEMBER 27, 2017

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A RESOLUTION

1 Memorializing the Congress of the United States to keep the  
2 Federal deduction for state and local taxes intact.

3 WHEREAS, The Trump administration and key congressional  
4 Republicans have proposed repealing the Federal deduction for  
5 state and local taxes (SALT) as one way to help pay for their  
6 proposed tax rate cuts for businesses and individuals; and

7 WHEREAS, The Federal deduction for SALT is the most popular  
8 itemized deduction, as nearly all taxpayers pay some income,  
9 sales or property tax to state and local governments; and

10 WHEREAS, Out of the 44 million households that itemize  
11 deductions, almost 43 million deduct these taxes; and

12 WHEREAS, The Federal deduction for SALT allows taxpayers the  
13 ability to deduct state and local taxes, taxpayers avoid being  
14 taxed twice on the same income, so, for example, when a taxpayer  
15 pays \$1 to the state the taxpayer lives in, his overall tax  
16 burden only increases 72¢ because the taxpayer can deduct 28¢ on  
17 the Federal income tax as a result of the SALT; and

18 WHEREAS, The deduction allowed on property taxes, along with

1 the deduction on mortgage interest, provides a strong incentive  
2 for homeownership and the sales tax deduction provides similar  
3 incentives for encouraging consumer spending which causes  
4 economic growth; and

5 WHEREAS, The SALT deduction reflects a partnership between  
6 the Federal and state and local governments, and is fundamental  
7 to the way states and localities budget for and provide critical  
8 public services and reflects a collaborative relationship  
9 between levels of government that has existed for over 100 years  
10 critical to the stability of state and local government finance;  
11 and

12 WHEREAS, The SALT deduction is effectively a form of revenue  
13 sharing between the Federal government and state and local  
14 governments, ending the SALT deduction would strain state  
15 budgets by making it harder to raise the revenues needed to  
16 invest adequately in their communities; and

17 WHEREAS, If the SALT deduction were repealed, taxpayers would  
18 be less likely to support current state and local tax levels,  
19 and would seek to lower rates, and, as a result, states and  
20 localities already struggling to appropriately fund critical  
21 programs would likely struggle even more than they do now to  
22 raise adequate revenues; and

23 WHEREAS, The proposed Republican tax plan would replace the  
24 deduction with tax cuts that are catering to the top 1% of the  
25 population and by 2027, 80% of the net tax cuts would go to the  
26 top 1% of Americans; and

27 WHEREAS, With a repeal of the deduction, state and local  
28 governments would likely find it more difficult and expensive to  
29 borrow money because rating agencies look negatively at actions  
30 that can make it harder for states to raise revenue when

1 necessary; and

2 WHEREAS, This strain would ultimately result in cuts to state  
3 and local services, including reductions in education and  
4 infrastructure spending and in general jeopardize the  
5 fundamentals of thriving communities; and

6 WHEREAS, Being able to deduct state and local taxes  
7 contributes to the stability of state revenues that are  
8 essential for providing public services; and

9 WHEREAS, If state and local policymakers cut their budgets,  
10 middle-income and lower-income families likely would feel the  
11 impact most acutely; and

12 WHEREAS, A plan to finance tax cuts for the wealthy that  
13 would threaten states' ability to raise sufficient revenue to  
14 provide services to their residents is not in keeping with  
15 American values of fairness and policymakers should keep the  
16 SALT deduction intact; therefore be it

17 RESOLVED, That the House of Representatives of the  
18 Commonwealth of Pennsylvania memorialize the Congress of the  
19 United States to keep the Federal deduction for state and local  
20 taxes intact; and be it further

21 RESOLVED, That a copy of this resolution be transmitted to  
22 the presiding officers of each house of Congress and to each  
23 member of Congress from Pennsylvania.