



STATE OF WASHINGTON

October 23, 2017

Dear Members of the Washington State Congressional Delegation:

On behalf of the State of Washington and its 39 counties, we strongly urge you to oppose efforts to eliminate the federal tax deduction for payment of State and Local Taxes (SALT). If enacted, this would result in over one million Washingtonians – primarily middle class families – seeing their income tax burden increased by the federal government. Such a radical change in federal tax law would also place additional pressure on our governments to cut the important local services that over seven million Washingtonians rely upon.

Across the United States, state and local governments levy taxes on their communities in order to sustain critical services, including schools, roads and infrastructure, health care, public safety, emergency management, job creation and training, and much more. And ever since the federal government first implemented an income tax, in 1913, Americans have been allowed to deduct these payments from their federally-taxable income. Indeed, for over one hundred years state and local governments have built their own tax structures based in part on this bedrock principle in federal tax law.

We understand that many lawmakers in Washington, DC are interested in reforming the federal tax code, to make it simpler, and ostensibly to support American workers and economic growth. These are commendable goals that we too support. However, we ask you to understand that repealing the SALT deduction would actually result in a significant federal tax *increase* on millions of Americans, the vast majority of whom are in the middle class.

According to recent reports that have examined tax data from the U.S. Internal Revenue Service (IRS), 30 percent of tax filers in Washington State claimed the SALT deduction in 2015, at an average value of approximately \$7,400 each, or \$7 billion in total across the state.¹ This means that repealing the SALT deduction could result in a federal tax increase of hundreds of millions of dollars for over one million Washingtonians - 85 percent of whom are in the middle class.²

This data has also been further examined by county, and by congressional district. For example, in Kittitas County, ending the tax deduction would result in an average increase in over \$5,000 in federal tax liability (the amount of their income that is subject to federal income tax) for nearly 5,000 households, over 90 percent of whom are middle-income. In Wahkiakum and Lincoln counties, it would mean a similarly sized increase in average tax liability for approximately 420 and 770 families, respectively, and affecting an even great percentage of the middle class. And in Snohomish County, ending the SALT deduction would result in over 129,000 Washingtonians, 88 percent of whom are

¹ Government Finance Officers Association (GFOA), *The Impact of Eliminating the State and Local Tax Deduction*, <https://view.publitas.com/p222-14698/gfoa-salt-study-with-2015-data/page/1>

² National Association of American Counties (NACo), NACo County Explorer: State & Local Tax Deduction, [http://explorer.naco.org/index.html?dset=State%20and%20Local%20Tax%20\(SALT\)%20Deduction&ind=County%20SALT%20Profiles#](http://explorer.naco.org/index.html?dset=State%20and%20Local%20Tax%20(SALT)%20Deduction&ind=County%20SALT%20Profiles#)

middle-income, seeing an average \$6,000 increase in their federal tax liability.³ These impacts would also be felt across all of our state's congressional districts; between 19 and 35 percent of tax filers claimed the SALT deduction in each of Washington's 10 districts, with the average SALT deduction claimed in each district ranging from \$5,300 to \$8,000, in a single year.⁴

We further understand that some proponents of repealing the SALT deduction have sought to reassure taxpayers that millions of Americans would not experience a net federal tax increase because they will benefit from other changes in tax policy. However, nothing we have seen in proposals that include repealing the SALT deduction would make up for the tax increase that would result from this change and its effect on over one million middle-income Washingtonians.

Therefore, we strongly urge you to fight to preserve the federal tax deduction for payment of State and Local Taxes.

Thank you for your consideration of our request. If you have any questions or wish to discuss this policy issue in more detail, please contact Governor Inslee's Washington, DC Office (Sam Ricketts, Director, 202-624-3691, sam.ricketts@gov.wa.gov) or the Washington State Association of Counties (Eric Johnson, Executive Director, 360-489-3013, ejohnson@wsac.org).

Sincerely,



Jay Inslee
Governor



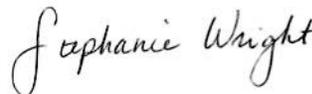
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Kittitas County Commissioner
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Blair Brady
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Association of Counties



Scott Hutsell
Lincoln County Commissioner
Second Vice President, Washington State
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Stephanie Wright
Snohomish County Councilmember
Immediate Past President, Washington
State Association of Counties

³ National Association of American Counties (NACo), NACo County Explorer: State & Local Tax Deduction, [http://explorer.naco.org/index.html?dset=State%20and%20Local%20Tax%20\(SALT\)%20Deduction&ind=County%20SALT%20Profiles#](http://explorer.naco.org/index.html?dset=State%20and%20Local%20Tax%20(SALT)%20Deduction&ind=County%20SALT%20Profiles#)

⁴ Government Finance Officers Association (GFOA), *The Impact of Eliminating the State and Local Tax Deduction*, <https://view.publitas.com/p222-14698/gfoa-salt-study-with-2015-data/page/1>