April 19, 2021

Dear New York Congressional Delegation:

While many New Yorkers benefit from some provisions in the Federal Tax Reforms enacted in December of 2017, many others are hurt by the $10,000 cap on the state and local tax (SALT) deduction.

As you know, New Yorkers pay some of the highest taxes in the nation. Every region of the state has homeowners that are deeply impacted by the SALT deduction cap. Areas where home prices are high are hit the hardest. This is especially true in the New York City metropolitan area, including Suffolk, Nassau and Westchester counties, which are home to two out of every three New York residents. This includes a large number of double-income middle class families.

The cap on SALT overturned 150 years of federal-state fiscal precedent under which the federal government agreed and understood that it was counterproductive and unfair to impose a de facto double tax on state residents—effectively taxing income that was never available to the taxpayer. That’s why the federal government provided a federal tax deduction for state and local taxes in the first place: to avoid applying federal taxes on top of state and local taxes already paid.

The SALT deduction cap also falls disproportionately on a handful of states, requiring them to pay for the lion’s share of the 2017 tax cuts for corporations and individuals nationwide. Compounding the damage of the SALT cap is that funding formulas to support federally mandated programs like education, public health, and safety, maintaining critical infrastructure, implementing and monitoring environmental and labor laws are often based on the overall wealth of individual states. The higher the wealth, the lower the federal match to support many mandated programs, which means these states, like New York, must raise more local taxes to pay for federal programs.

For decades, New York State has been a donor state to the federal government. This means we send far more in federal income taxes to Washington than we get back in federal grants, jobs, contracts and aid. Over the most recent five-year period New Yorkers have sent $143 billion more to Washington than they have received back. In the most recent year that federal data is available, this imbalance lowered the GDP for New York and other donor states while artificially enhancing the GDP of the 42 states on the receiving end of those enhanced federal payments.
The uncapped SALT deduction was the compromise established a century and a half ago to create fairness between high and low-cost states. Unfortunately, that fairness was largely repealed in 2017. We strongly endorse congressional efforts to restore the balance and fairness of the tax code.

The New York State Association of Counties (NYSAC) supports congressional efforts to correct the most imbalanced features of the SALT deduction limits that disproportionately impact taxpayers in New York and a handful of states.

We are encouraged to see so many members of the delegation joining Representatives Nadler and Suozzi to urge Speaker Pelosi and Majority Leader Hoyer on insisting on a full repeal of the limitation on the State and Local Tax (SALT) deduction.

Respectfully your partner in government,

Stephen J. Acquario, Esq.
Executive Director

CC: National Association of Counties

The New York County Executives’ Association is an affiliate of the New York State Association of Counties.

_NYSAC has remained committed to counties since 1925_