

1 **2021 NYSAC Fall Seminar**
2 **Standing Committee on Taxation and Finance**
3 **Resolution #3**

4 **Resolution Urging Congress to Repeal or Modify the Federal Cap on the**
5 **Deductibility of State and Local Taxes**

6 **WHEREAS**, in 2017, Congress enacted comprehensive federal tax reforms that capped
7 the deductibility of state and local taxes (SALT) at \$10,000, among other items; and

8 **WHEREAS**, capping SALT deductibility impacted New York taxpayers (especially
9 homeowners) much more than taxpayers in other states because of our higher home
10 prices and tax rates; and

11 **WHEREAS**, many in Congress targeted New York and other similarly situated states as
12 being unfairly subsidized by taxpayers in other states because of the full deductibility
13 of SALT; and

14 **WHEREAS**, this viewpoint failed to recognize that New York State has been a
15 consistent “donor” state to the federal government because of our long history of being
16 home to many high wealth individuals and higher than average income earners; and

17 **WHEREAS**, this results in New York contributing tens of billions of dollars more each
18 year to the federal government than we receive back in payments or grants and this has
19 been occurring for decades; and

20 **WHEREAS**, the consistent “donor” status is the result of a plethora of federal funding
21 formulas where income is often used as a basis for distributing those dollars; and

22 **WHEREAS**, since the state receives fewer federal grants and payments than other
23 states from income-based federal formulas, New York must raise more local taxes to
24 fulfill federal mandates and regulations for K-12 education, health and social services,
25 environmental and labor protections, as well as provide local quality of life services
26 including fire and police protection, higher education, and emergency preparedness and
27 response, among others; and

28 **WHEREAS**, the deductibility of SALT was one of six original federal tax deductions
29 established when the federal income tax was created in 1913; and

30 **WHEREAS**, the SALT deduction was implemented to prevent double taxation and to
31 encourage states and local government to invest in their communities, infrastructure
32 and people – often because the federal government recognized they could not make
33 these investments; and

34 **WHEREAS**, the House of Representatives recently passed the “Restoring Tax Fairness
35 for State and Localities Act” which will raise the cap on the deductibility of SALT from

1 \$10,000 to \$20,000 for one year and then suspend the cap for the following two years;
2 and

3 **WHEREAS**, enactment of this legislation, or similar legislation, can correct the
4 inequities created by the SALT deductibility cap.

5 **NOW, THEREFORE, BE IT RESOLVED**, that the New York State Association of
6 Counties calls on the state congressional delegation and the entire Congress to support
7 these changes; and

8 **BE IT FURTHER RESOLVED**, that copies of this resolution be sent to the counties
9 of New York State encouraging member counties to enact similar resolutions; and

10 **BE IT FURTHER RESOLVED**, that NYSAC shall forward copies of this resolution to
11 Governor Kathy Hochul, the New York State Legislature and all others deemed
12 necessary and proper.