

Congress of the United States

Washington, DC 20515

November 9, 2005

The Honorable John Snow
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Dear Secretary Snow:

The President's Advisory Panel on Federal Tax Reform developed many ideas for reform of the tax code; a much needed project of critical importance to the economy. However we, the members of the New York State Congressional Delegation, must voice our opposition to two findings made by the panel – the elimination of the deduction for state and local taxes and the elimination of the mortgage deduction. Come tax time, our constituents depend on these deductions to turn a check *to* the government into a check *from* the government.


The deduction for state and local tax has existed since the implementation of the federal income tax in 1913. In 2003 this deduction was exercised by nearly 36 million US taxpayers and more than 3 million people from New York State. Therefore we must be opposed to any suggestion that the deduction for state and local taxes should be eliminated. It is a major factor in alleviating the crushing tax burden that is imposed at the federal as well as the state and local levels. The amounts claimed from this deduction are similarly impressive: again in 2003, over \$183 billion (and over \$24 billion by New Yorkers) was saved by the exercise of this provision. This deduction acts as a crucial point of balance as the income tax rates were steadily hiked throughout the twentieth century and should be preserved.

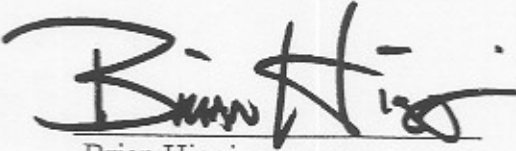
Secondly, it is a terrible mistake to consider any proposal that would eliminate or gut the mortgage deduction. Such a move would have twin consequences, each of which could potentially slow our economy. Eliminating the deduction would be, all by itself, a tax hike of enormous proportions – it is estimated at \$434 billion dollars over the next five years.

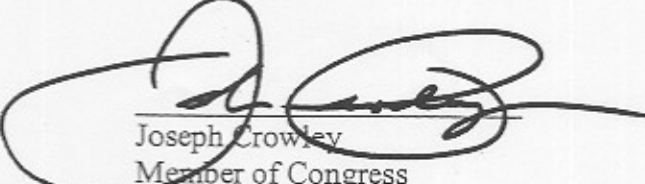
This leads into the second major consequence, a sucker-punch to the housing market. As the national economy recovered in 2002 and 2003, many analysts believe it was the upswing in the real estate market which saved our economy from a more serious and longer-lasting recession. Suddenly pouring cold water on the ability of potential first time homebuyers to own a home could have devastating effects to the economy at large. Owning one's own home is a part of the American dream, and damaging that ability is simply a nonstarter. We currently have the highest rate of homeownership (68.1%) in our nation's history. This is an achievement we must preserve and build upon.

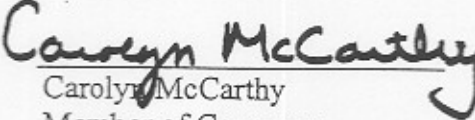
We urge you to reject any recommendation by the Panel that would eliminate or even cut the deductions for mortgage interest and for state and local taxes. These deductions come as a saving grace to the families of New Yorkers that we represent. Come April 15th, keeping these provisions ensure they can receive, and not have to send, a check from the federal government.

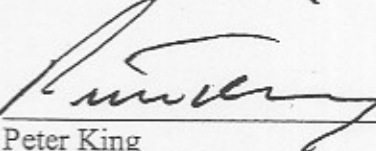
Sincerely,

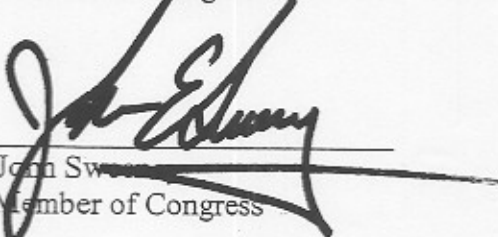

Vito Fossella
Member of Congress

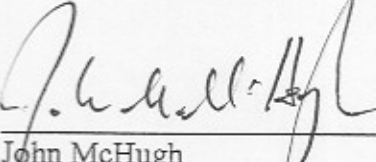

Brian Higgins
Member of Congress

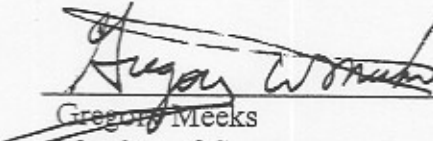

Joseph Crowley
Member of Congress

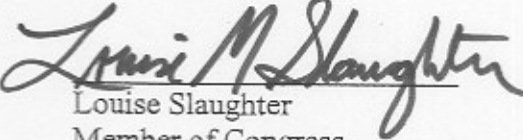

Carolyn McCarthy
Member of Congress



Peter King
Member of Congress

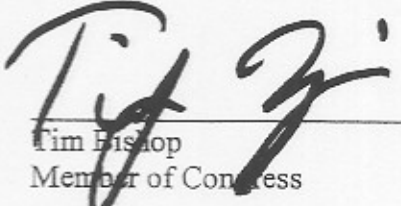

John Sw.
Member of Congress

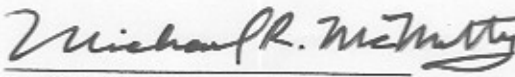

John McHugh
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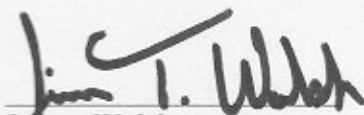

Gregory Meeks
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Louise Slaughter
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Eliot Engel
Member of Congress

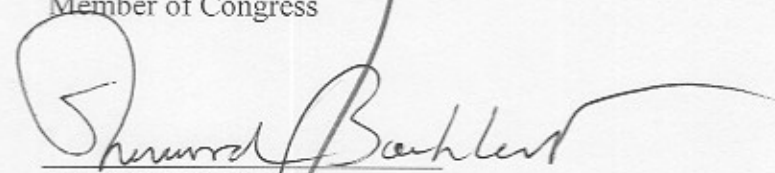

Tim Bishop
Member of Congress



Michael McNulty
Member of Congress

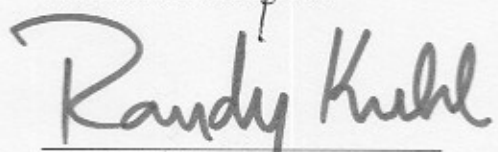

James Walsh
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Sue Kelly
Member of Congress

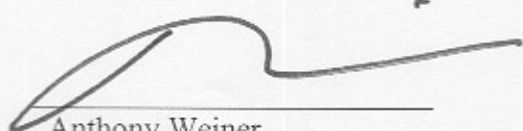

Carolyn Maloney
Member of Congress

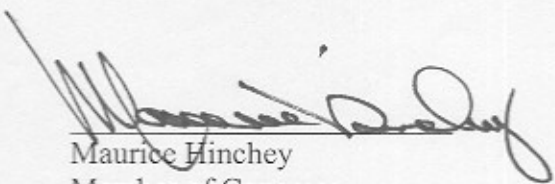

Sherwood Boehlert
Member of Congress

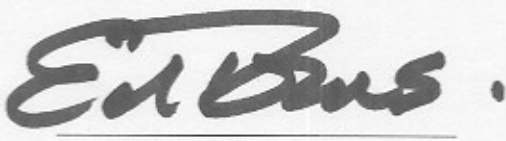

Gary Ackerman
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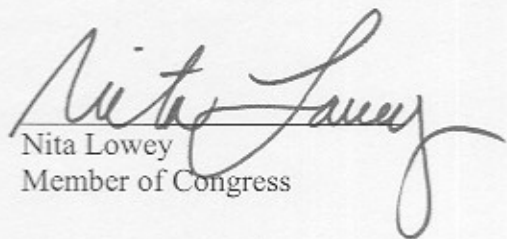

Randy Kuhl
Member of Congress

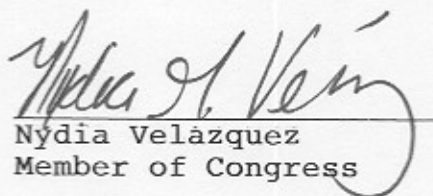

Steve Israel
Member of Congress

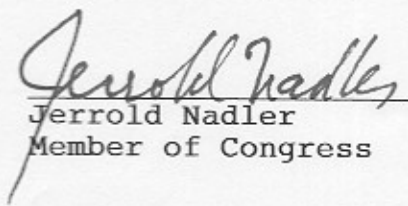

Anthony Weiner
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Nita Lowey
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Nydia Velázquez
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Jerrold Nadler
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