

Congress of the United States
Washington, DC 20515

March 31, 2020

The Honorable Nancy Pelosi
Office of the Speaker of the House
U.S. Capitol H-232
Washington, D.C. 20515

Dear Speaker Pelosi:

Thank you for your tremendous leadership on behalf of the American people, most recently in connection with passage of the CARES Act. The relief provided to everyday Americans in this legislation represents a substantial and meaningful step toward combatting the economic harm caused by this unprecedented pandemic.

We also agree with you that moving forward more will need to be done, particularly for some of the most distressed regions in the country. In that regard, we write to respectfully request that the next phase of legislation addressing the COVID-19 crisis include a repeal of the 2017 Tax Cuts and Jobs Act (TCJA) provision that capped the state and local tax (SALT) deduction and property tax deduction at \$10,000.

Not only is the cap unfair to working families, it is incentivizing high earners to flee states like New York, New Jersey, Massachusetts, Illinois and California that have been ravaged by the coronavirus pandemic.¹ At a time when the nation is relying on its governors and mayors, the loss of these tax revenues to state and local coffers is further hindering the ability of these and other hard-hit states to address the current crisis.

The SALT deduction historically strengthened state and local government functions, including public health programs, safety-nets for low-income residents and emergency response services. The TCJA dealt a serious blow to state and local budgets when it capped the deduction at \$10,000 in order to pay for other provisions in the bill. On top of that, the fiscal and economic impact of the coronavirus pandemic and response has left states facing significant budgetary challenges which are worsened as high earners move to lower tax states.² When high earners leave states, the middle and lower income earners are left behind holding the bag to cover the tax burden. Some have argued for these states to simply cut services. No one can suggest cutting services at this time is a responsible response to the coronavirus pandemic.

Now is the time to end tax policies that take money out of middle-class pockets and limit state resources in the areas that are being hit the hardest by COVID-19. We must not continue the harm that is being caused by the SALT deduction cap.

One option would be to include the Restoring Tax Fairness for States and Localities Act, which was introduced by Rep. Suozzi (D-NY) and passed the House with a bipartisan vote last

¹ Steve Almasy, Christina Maxouris and Amanda Watts, *A state-by-state breakdown of US coronavirus cases*, CNN, Mar. 20, 2020, <https://www.cnn.com/2020/03/03/health/us-coronavirus-cases-state-by-state/index.html>.

² David A. Lieb, *States turn to cash reserves as coronavirus strains budgets*, AP NEWS, Mar. 15, 2020, <https://apnews.com/2121f9adf0b53e6a8b3abcdcae2562c3>.

December, in our next legislative package. That bill would increase the SALT deduction in 2019 to \$20,000 for individuals filing a joint tax return with an adjusted gross income of \$100 million or less. It would also eliminate the current cap in 2020 and 2021 for all individuals with an adjusted gross income of \$100 million or less. It is also critical that such a step allow for individuals who have already filed their 2019 taxes be given the opportunity to amend their returns to take full advantage of any changes to the tax code.

The American people are doing their best to deal with the economic consequences of a grave public health crisis that continues to worsen. We have a responsibility to the people we represent to make this situation more manageable however we can. The cap on the SALT deduction is an obstacle that can and must be mitigated in the next legislative steps to address this crisis.

Thank you for your strong leadership, time and consideration.

Sincerely,



HAKEEM JEFFRIES
Member of Congress



TOM MALINOWSKI
Member of Congress



PETE AGUILAR
Member of Congress



KAREN BASS
Member of Congress



EARL BLUMENAUER
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ANTHONY BRINDISI
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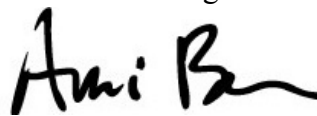
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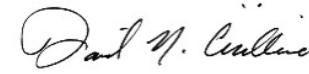
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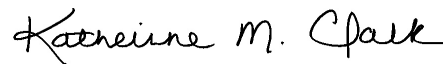
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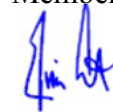
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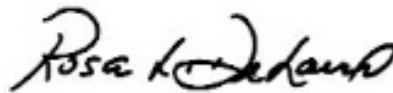
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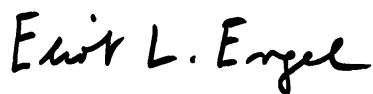
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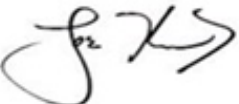
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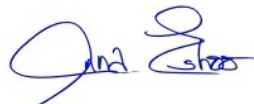
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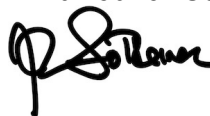
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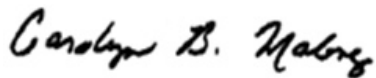
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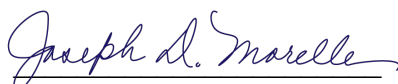
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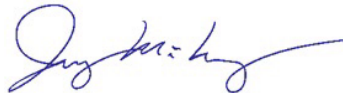
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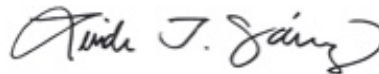
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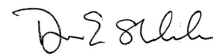
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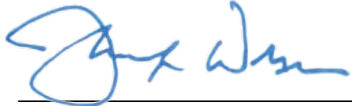
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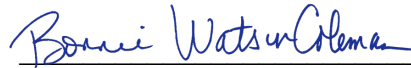
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