

Congress of the United States
Washington, DC 20515

October 23, 2017

The Honorable Kevin Brady
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Orrin Hatch
Chairman
Committee on Finance
U.S. Senate
Washington, D.C. 20510

Dear Chairman Brady and Chairman Hatch:

As members of the California Congressional Delegation, we write to express our deepest concerns about any proposed changes to the state and local tax (SALT) deduction, as indicated in the “Big Six” framework. The SALT deduction allows taxpayers to deduct state and local taxes from their federal taxable income, and was written into the federal tax code since the inception of the income tax in 1913. It has fostered a strong partnership between federal and state and local governments, and we oppose any change that would damage this cultivated relationship.

SALT ensures that the income of our residents is not taxed twice – once by the state or local entity, and again by the federal government. In 2015, over 6.1 million California households claimed the SALT deduction. Of those claimants, 82.57% were families earning less than \$200,000 in household income.

The average value of the SALT deduction for a California household is \$18,438. The vast majority of these filers are homeowners, many of whom counted on the deductibility of state and local taxes when determining the affordability of their homes. Our constituents made these purchasing decisions with the understanding that their property taxes would be deductible. Repealing SALT could endanger their financial security and make California homes less affordable for current homeowners and for prospective buyers.

At the same time, California has a negative balance of payments to the federal government, meaning the state pays more in taxes to the federal government than it receives in federal spending. In 2015, Californians paid approximately \$17 billion more in taxes than they received in federal investment. Elimination of SALT would unfairly penalize a state that contributes more than it receives in assistance.

It is important to note that elimination of this deduction would also have an impact on those in our state who do not claim the deduction. SALT supports a strong partnership between the federal government and state and local entities, allowing them to use tax dollars to fund critical public expenditures. Local taxes fund infrastructure, teachers, fire fighters, police officers, and more. According to 2014 Census data, almost 80% state and local expenditures went to public services including education, public welfare, hospitals, transportation, and public safety. The elimination of SALT would pressure state and local governments to make cuts and take in less

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revenue, resulting in the elimination of projects and services at the local level that benefit those of all incomes.

The California Association of Counties, the Office of the Governor, and numerous local mayors have all expressed strong concerns about the elimination of SALT. Any change or modification to this deduction would increase the burden on middle class families and hurt our local economies. We urge you to reconsider this decision, and we appreciate your consideration of our request.

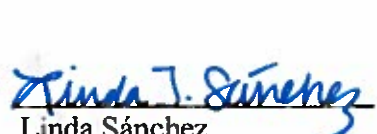
Sincerely,



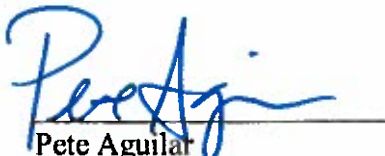
Judy Chu
Member of Congress



Mike Thompson
Member of Congress



Linda Sánchez
Member of Congress



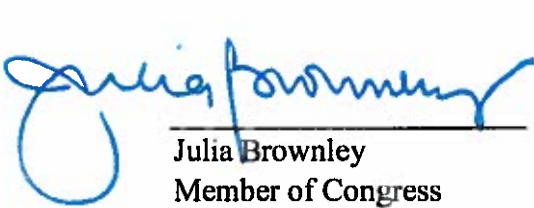
Pete Aguilar
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Nanette Diaz Barragan
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Karen Bass
Member of Congress



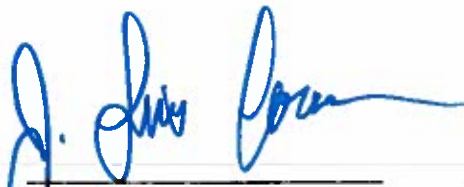
Julia Brownley
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Jim Costa
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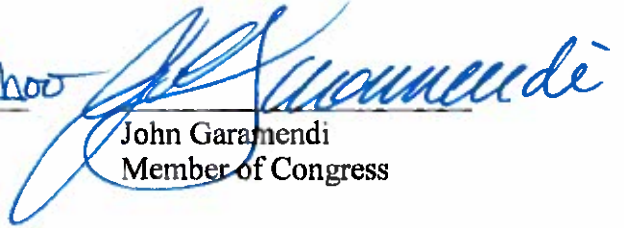
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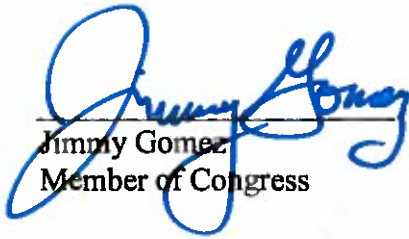
Mark DeSaulnier
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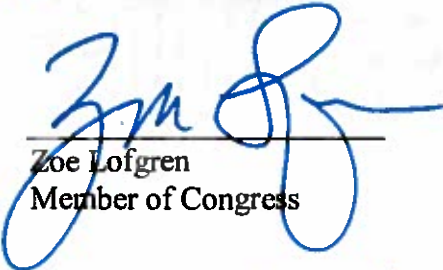
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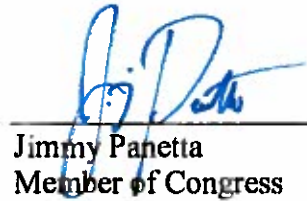
Alan Lowenthal
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Doris Matsui
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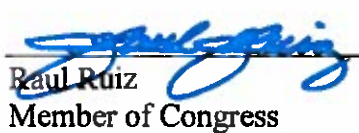
Grace Napolitano
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Jimmy Panetta
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Lucille Roybal-Allard
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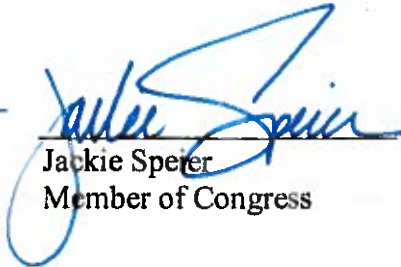
Raul Ruiz
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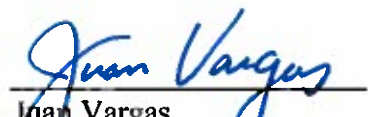
Eric Swalwell
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Mark Takano
Member of Congress

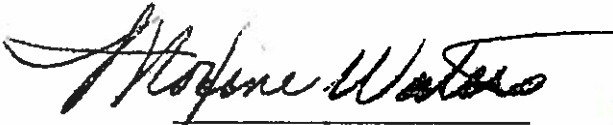


Norma J. Torres
Member of Congress



Juan Vargas
Member of Congress

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Maxine Waters
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Barbara Lee
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Ami Bera
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