SUPPORT CITIES:

Protect the State and Local Tax (SALT) Deduction

NLC calls on Congress and the President to preserve the state and local tax (SALT) deduction that will:

1. Gives local governments the flexibility to raise the revenues needed to fund essential services such as:
   - Education and Workforce Development
   - Infrastructure
   - Community Development
   - Public Safety

2. Prevent American taxpayers from being taxed twice on the same income by deducting paid local taxes from federal income tax.

Almost 30% of American taxpayers, including individuals in every state and in all income brackets, use the SALT deduction.

Every day, local leaders build and maintain critical infrastructure, such as schools, water and sewer systems, hospitals, roads, and public transportation systems. These essential public services are largely paid for by the revenue generated from state and local taxes. Unlike many tax deductible expenses, state and local taxes are mandatory. To help offset the burden for taxpayers, the state and local tax (SALT) deduction was implemented in the first tax code and reflects an intergovernmental relationship that has existed for over 100 years.

Through the SALT deduction, local residents can claim what they paid in state and local income taxes, as well as local property taxes, as a deduction on their federal income tax. This allows local governments the flexibility to raise needed revenues without concerns of double taxing their residents.

Repealing the SALT deduction would put tremendous pressure on local governments to lower taxes and endanger already strained budgets. With state limitations on local governments’ ability to raise revenue, eliminating the state and local tax deduction would further preempt local control.

Congress and the President must maintain the federal deduction for state and local taxes and reform the tax code without passing the fiscal burden onto American cities and towns.

For more information
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