

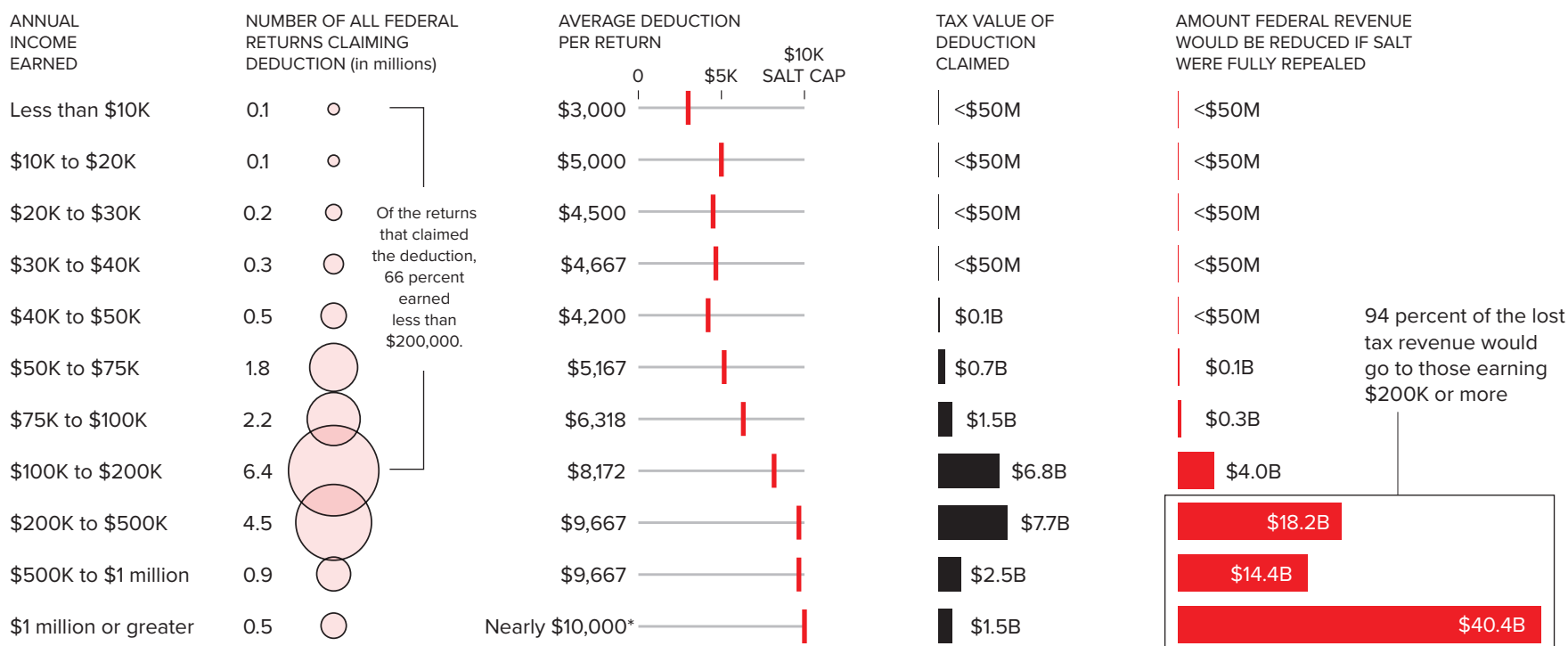
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SALT cap repeal would cut taxes for 13.1 million taxpayers

One day before the House Ways and Means Committee held two hearings on the state and local tax deduction on June 25, the nonpartisan Joint Committee on Taxation released an analysis stating that repealing the \$10,000 SALT cap would mostly benefit wealthy taxpayers — more than half of the benefits of eliminating the cap would accrue to those earning more than \$1 million.

The analysis is bad news for Democrats who claim the limit is a hit on average Americans. “The vast majority of New Jersey residents affected by the SALT are households with middle incomes between \$75,000 to \$200,000,” said Rep. Mikie Sherrill (D-N.J.) during one of the hearings. She supports full repeal but is open to bipartisan proposals. There are currently five bills in Congress, including Sherrill’s SALT Relief and Marriage Penalty Elimination Act (H.R. 2624), which has two Republican co-sponsors and would make the SALT deduction equal to the current standard deductions taken by taxpayers.

Estimated distribution of tax benefits of the state and local tax deduction in 2019, according to JCT



*A low number of tax returns in the class report less than \$10,000 in state and local taxes because some were filed as married filing separately, which has a \$5,000 SALT cap for such returns.

Sources: “Background on the Itemized Deduction for State and Local Taxes,” Joint Committee on Taxation; POLITICO Pro Legislative Compass; staff reports

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