



AAF: Say No to Unlimited SALT

The State and Local Tax deduction (SALT) is a tax cut for the [13%](#) of Americans wealthy enough to itemize their taxes. The 2017 Trump-Pence tax reform created a \$10,000 cap. Prior to the Trump-Pence SALT cap, wealthy Americans in high tax jurisdictions such as California, New York, and New Jersey were able to write off an unlimited amount of SALT on their federal taxes.

It's already not fair that, even capped, the SALT deduction still pushes the burden of funding national defense, homeland security, and other critical priorities onto the shoulders of Americans in low-SALT states. The last thing we should do is exacerbate the problem with SALT expansion.

SALT encourages States to recklessly increase spending and raise taxes with the knowledge that the federal government will subsidize them.

- SALT “makes it easier for states and localities to [raise taxes](#) on high-income taxpayers and, in turn, allows them to [spend more](#) on public services.”
- The state that charges the highest income taxes, California, receives the most benefits.

SALT relief is skewed toward high tax-and-spend states run by progressives.

- States receiving most benefits: California (21%), New York (13%), and New Jersey (6%).
- **\$21,779** – the average size of a New York SALT deduction before the Trump-Pence reform.
- **Swamp handout: 40%** of D.C. area filers received SALT benefits before they were capped.
 - In 2020, the Washington, D.C area had the [highest rate of SALT deductions](#) at 20.8 percent of taxpayers. By contrast, the Brownsville, Texas area had the lowest claim rate at 1.6 percent. That year, the District of Columbia had one of the [highest top marginal income tax rates](#) while Texas had no state income tax.

America can't afford more SALT.

- Fiscal conservatives must hold the line on the Trump-Pence SALT cap.
- Unlimited SALT cost the federal government [\\$69 billion](#) in tax revenue in 2017.
 - Accounting for 10% of the FY17 deficit ([\\$665.7 billion](#)).
- SALT will run [\\$139 billion](#) in 2026 if the SALT cap is allowed to expire next year.

Further Reading:

- [“State and Local Tax \(SALT\) Deduction”](#) — Tax Foundation
- [“What is the SALT Cap?”](#) — Peterson Foundation

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