

**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515

April 1, 2021

Honorable Janet Yellen  
Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

Dear Secretary Yellen:

As the Biden administration and Congressional leadership begin the process of drafting a tax and infrastructure package to drive our long-term economic recovery from the COVID-19 pandemic, we write to thank you for your recent commitment to work with Members of Congress to remedy the state and local tax (SALT) deduction cap that has had such a disproportionate impact on residents of our states. For our constituents and millions of taxpayers throughout the country, the SALT deduction cap has imposed a harmful double tax and has created one of the largest marriage penalties in the federal tax code. We could not vote for a bill that has a meaningful tax impact on our constituents unless it restores SALT deduction relief to our middle-class families.

Millions of Americans, already reeling from the economic consequences of the pandemic, will now be hit by a significant increase in federal taxes compared to what they faced before the deduction cap was introduced. As our economy recovers from this public health and economic crisis, it is critical that we provide our constituents and state and local governments with the relief that they desperately need. We believe that the upcoming tax and infrastructure package would be an ideal piece of legislation from which to deliver meaningful SALT reform to our communities.

There is a misconception that the SALT deduction doesn't help middle class families who need relief, instead only helping the well-off. However, in high cost of living areas, SALT does in fact make a critical difference in helping make ends meet for our middle class. From teachers to law enforcement officers, many of our constituents depend on this deduction to afford the high cost of living in their area. Those are the constituents who need this relief the most, and we are committed to fighting for them.

Let us be clear, the Republican 2017 tax bill placed this undue double tax on the very residents across the country who live in states and communities that have already invested in key progressive priorities including well-funded public education, adequate pay and benefits for public servants like teachers and first-responders, climate resilient infrastructure for the next generation, and key environmental protections and climate conscious policies to name a few.

Our states and communities have made the investments that the federal government, and especially the previous administration, has historically failed to make. This cap unduly punishes them for it.

According to the Tax Foundation, before the 2017 tax bill, thirty percent of Americans itemized their taxes, and of that ninety-five percent of itemizers took the SALT deduction. In February 2019, the Treasury Department estimated that almost 11 million Americans would no longer be able to deduct over \$300 billion in state and local taxes as a result of the SALT deduction cap. This significant tax increase means that billions of dollars are not being spent in our economy to support our small businesses and keep workers employed. Furthermore, current SALT rules mean that married couples have their SALT deduction cut in half relative to two individual filers. At a time when families are struggling and we are trying to direct needed relief to parents, it makes no sense to impose an extra tax on married couples, many of whom have children.

In high cost of living states and regions, the SALT deduction cap has also increased the movement of higher-income taxpayers to other states. The loss of this tax base has stuck lower- and middle-income taxpayers with the bill for essential services such as education, law enforcement, and infrastructure, and has weakened the ability of our state and local governments to fund these vital investments. The SALT deduction cap will make it more difficult for our state and local governments to finance the long-term investments that are crucial to equitable growth, and could lead to a “race-to-the-bottom” of spending cuts to our school systems, public transit, and public sector workforce.

Given these outsized impacts, we were excited to see you discuss the “disparate treatment” across taxpayers that the SALT deduction cap has created during your recent testimony to the House Financial Services Committee. We were also pleased that you resolved to work with Members of Congress in the future to ensure that the inequities caused by the SALT deduction cap are addressed in a fair and responsible way.

Thank you for your attention regarding this important issue that will significantly affect millions of families in our states. We are very appreciative of the leadership that you and the Biden Administration have demonstrated in support of significant relief for our constituents, and we look forward to engaging further with you on this critical subject.

Sincerely,



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**Mikie Sherrill**  
MEMBER OF CONGRESS



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**Tom Malinowski**  
MEMBER OF CONGRESS



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**Josh Gottheimer**  
MEMBER OF CONGRESS



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**Thomas R. Suozzi**  
MEMBER OF CONGRESS



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**Frank Pallone, Jr.**  
MEMBER OF CONGRESS



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**Bill Pascrell, Jr.**  
MEMBER OF CONGRESS



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**Albio Sires**  
MEMBER OF CONGRESS



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**Dean Phillips**  
MEMBER OF CONGRESS