Dear Hon. ___________________

The Town of _________ is writing to ask that you support two issues critical to local governments in New York State: restoring the SALT deduction and providing direct federal relief for municipalities of all sizes in its next coronavirus relief package.

New York State taxpayers have relied upon the State and Local Tax (SALT) deduction since the official inception of the income tax code in 1913. Prior to the Tax Cuts and Jobs Act (H.R. 1), taxpayers that itemized their deductions could deduct local real property taxes, state income taxes and mortgage interest from their federal income when calculating taxable federal income, thereby resulting in a reduced tax liability. In 2018, the enactment of the Tax Cuts and Jobs Act (H.R. 1) significantly limited the SALT deduction; specifically, state income tax, sales tax and real property tax deductions are now limited to $10,000 cumulatively. Reducing the SALT deduction and including state and local government real property tax payments in one’s taxable federal income results in double taxation and destroys a fundamental principle of federalism, as one is paying federal taxes on their state and local tax payments. Additionally, restricting the SALT deduction and the subsequent cost shift from the federal government onto local governments resulted in decreased revenue for essential municipal services and an acceleration of residential and business flight out of New York to states that do not shoulder such a high tax burden. The prior administration limited our ability to generate revenue through taxation when it reduced the SALT deduction. Restoring the full deduction will right the wrongs previously imposed on New York state taxpayers and ensure that local governments have the ability to fund all of the essential services they provide.

Additionally, towns needs direct federal funding in the next coronavirus relief package. We provide essential services like highway maintenance and snow removal, water and sewer infrastructure, police protection, parks and recreation, animal control, and contract for fire and ambulance services, yet have largely been ignored or left out of any COVID-19 stimulus package. Of the 933 towns in New York, only one was eligible for funding under the CARES stimulus package adopted nearly a year ago. Providing local governments with federal funding is vital to protecting our residents and having the resources to continue providing them with basic necessities like access to clean water and the ability to safely travel. Local government funding is also a matter of economic health; in New York, state and local governments account for 14 percent of jobs statewide. Lack of funding means layoffs and scaling back services.
As fellow elected officials our goals remain the same – doing what's best for the people we represent. Your constituents will be better served by restoring the SALT deduction and providing direct funding for local governments. We thank you for your hard work and your support.