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State, Local Governments Urge Congress to Preserve State and Local Tax Deduction and Tax-Exempt Municipal Bonds in Tax Reform Efforts

Washington – The seven leading organizations that represent state and local governments at the federal level – the National Governors Association, National Association of Counties, National League of Cities, U.S. Conference of Mayors, International City/County Management Association, National Conference of State Legislatures and The Council of State Governments – today issued the following statement on President Trump’s tax reform proposal:

“We are extremely concerned that President Trump’s proposal includes eliminating the deductibility of state and local taxes. Eliminating or capping federal deductibility for state and local property, sales and income taxes would represent double taxation, as these taxes are mandatory payments for all taxpayers. We fundamentally believe that Americans’ income, property and purchases should not be taxed twice.

“Elimination could also effectively increase marginal tax rates and shrink disposable income, potentially harming the U.S. economy. Further, any alterations to the deduction would upset the carefully balanced fiscal federalism that has existed since the permanent creation of the federal income tax over 100 years ago.

“The state and local tax deduction and tax-exempt municipal bonds were part of the original tax code in 1913 and have long served to meet critical needs in our communities. These essential components of the tax code support vital investments in infrastructure, public safety and education, encourage economic growth and provide states and local governments with the flexibility to deliver essential services to our residents.

“We urge Congress to maintain the state and local deduction and the tax exemption for municipal bond interest. We will work with Congress to ensure that states and local governments have the tools we need to foster healthy, safe and vibrant communities.”

Earlier this month, the group sent a letter to all members of Congress urging them to preserve the tax exemption for municipal bonds and the state and local tax deduction. Click [here](#) to read the letter.

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