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## **The State and Local Tax Deduction Doesn't Benefit Only Blue State Households.**

***The red-blue divide on these deductions is less apparent at the congressional district level.***

The Trump Administration and key congressional Republicans have proposed repealing the itemized deduction for state and local taxes as one way to help pay for tax rate cuts for businesses and individuals. Treasury Secretary Steven Mnuchin frequently offers it as an example of a tax break that primarily benefits high-income households and one that should be on the chopping block in a tax reform plan. An added political advantage for Republicans is that the deduction is most valuable in states with high taxes and high incomes, which tend to be “blue states.”

But the red-blue divide is less apparent at the congressional district level. Enclaves of high-income Republicans live in the New York suburbs, for example. In three Northern New Jersey GOP districts, more than half of residents claim the deduction for taxes paid. All told, 45 percent of the top 20 districts ranked by percentage of residents claiming the deduction have Republican representatives.

The following map shows the national distribution of taxpayers claiming the state and local tax deduction by congressional district. A district's residents can benefit if they itemize deductions, but only about one-third of individual income tax filers do so. The most common factor that leads to itemizing is high state income or property taxes; and most high-income households who live in states with income taxes have large state tax deductions. Homeownership is also a key attribute since mortgage interest and property taxes are deductible expenses. And large charitable deductions can also make someone an itemizer (that is why low-tax Utah has an unusually high percentage of returns that itemize deductions).

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**Tax Policy Center**

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