
State and Local Governments Express Concern About Trump's Tax Plan.

The seven largest organizations that represent state and local governments — including the National Governors Association, the National Conference of State Legislatures and the U.S. Conference of Mayors — say they strongly oppose President Donald Trump’s plan to eliminate the federal income tax deduction for 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,” the groups said in a statement. “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,” they said.

Eliminating the deduction was included in a broad Trump tax plan that would scrap all personal federal tax deductions except for mortgage interest and charitable contributions.

Eliminating the deduction for state and local taxes would give the federal treasury an additional $1.3 trillion over a decade, according to the Tax Policy Center, a joint think tank of the progressive Urban Institute and the moderate Brookings Institution.

But states argue that getting rid of the deduction would increase taxes, particularly for higher-income residents in higher-income states like California, where 26 percent of taxpayers would see their tax bill rise. In New York, 27 percent of taxpayers would see their bills go up, and nearly 40 percent in Maryland and 35 percent in Connecticut would experience higher tax bills.

The governors, mayors and state lawmakers also warned that altering 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.”

Others signing the letter: the National Association of Counties, National League of Cities, the International City-County Management Association and The Council of State Governments.

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