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## 3 Ways Blue States Could Still Get Around Tax Reform.

**The IRS has moved to block high-tax states from circumventing GOP limits on tax deductions — but not in every way possible.**

The Internal Revenue Service issued [new regulations](#) late last month in an effort to [end workarounds by blue states](#) hoping to bypass the state and local tax deduction cap introduced under December's federal tax overhaul. But observers say that even with the new regulations, states still have several ways to get around the cap.

So far, Connecticut, New Jersey, New York and Oregon have passed laws that would allow residents who owe more than \$10,000 in state and local taxes to pay the remainder into a state or local charitable trust, which is still deductible under federal law. Similar proposals are pending in California and Illinois.

Residents in the above states who itemize their taxes average far more in state and local tax deductions than the new federal cap. As such, states with high taxes have an interest in protecting their rates by making sure their residents can lower their federal tax burden by still deducting those taxes from their income.

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BY LIZ FARMER | SEPTEMBER 6, 2018

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