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Why a $10,000 Tax Deduction Could Hold Up Trillions in Stimulus Funds.

The fight over SALT is a case study in the age-old conflict between constituent politics and national policy.

In 2017, congressional Republicans capped a tax break that benefits America's highest-earning households and people with multimillion-dollar homes. Coastal Democrats have been trying to get it back ever since.

The break, the state and local tax deduction, known to policy wonks as SALT, does what it says it does. It allows people to deduct payments like state income and local property taxes from their federal tax bills. The deduction, previously unlimited, was capped at $10,000 as part of the 2017 tax bill, which was President Donald J. Trump's main domestic achievement.

Republicans added the cap to reduce the cost of a tax package that gave more than $1 trillion in breaks to corporations and wealthy families, while increasing the federal deficit despite claims that the cuts would pay for themselves. But the move also struck many Democrats as punitive, because its greatest impact was felt by a very specific kind of taxpayer: People who live in heavily Democratic areas.

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The New York Times

By Conor Dougherty

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