



## The Los Angeles Coalition

A COALITION FOR THE ECONOMY & JOBS IN LOS ANGELES

April 2, 2021

Dear Member of Congress,

We are writing to urge you as a member of California's Congressional Delegation to act on reversing the SALT cap deduction.

For years Californians at all income levels have benefited greatly from SALT, based on the 100-year-old premise that our nation's tax system allows taxpayers to deduct what they pay in state and local real estate, personal property and income taxes. This encouraged California's state and local governments to develop a progressive tax system that provides a high level of essential programs and services, including education, water and transportation infrastructure, public safety, healthcare, to name a few, to the state's local communities.

The capping of SALT in the 2017 Tax Cut and Jobs Act disrupted this long-held foundation and created a disadvantage for wage-earning Californians who happen to live in a higher-taxed and higher-property valued state. Research from the Bay Area Council Economic Institute recently found that Californians paid an additional \$11.2 billion in federal taxes because of the SALT deduction cap.

This means that California's workers and residents are now sending more of their income to the federal government, which already disproportionately subsidizes a large block of sparsely populated states with smaller-scale economies and those without a state income tax, like Texas and Florida. California's residents are essentially subsidizing the federal government and many other states, not the other way around.

Additionally, due to the reduction in after-tax income created by the SALT deduction cap, California had 55,000 fewer jobs than it would have had in 2018 in absence of the new policy. These jobs would have provided the equivalent of \$3.4 billion in wages across a range of industries. These numbers do not include households, entrepreneurs and professionals that left the state altogether or shifted their investments elsewhere because of the SALT deduction cap. As the country begins to reopen and vaccination rates rise, California's economy needs those tax dollars and jobs more than ever.

We urge you to reverse this partisan attack on the people of those states who played by the federal rules and taxed themselves at a higher level to provide greater services to the citizens of their states. They should not be punished for doing so.

Sincerely,

Mary Huss  
Chair, Bay Area Council  
President and Publisher, SF Business Times  
and Silicon Valley Business Journal

Jim Wunderman  
President and CEO, Bay Area Council

Russell Goldsmith  
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