

By the Committee on Fiscal Policy & Resources and
Representative Wallace

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House Memorial

A memorial urging the Congress of the United States to reinstate the federal income tax deduction for sales taxes paid.

WHEREAS, prior to 1986, American taxpayers were allowed to deduct state and local sales taxes paid from their federal income tax liabilities, and

WHEREAS, the Tax Reform Act of 1986 repealed this deduction, producing a growing inequity between taxpayers in different states regarding the amounts they pay in federal taxes, and

WHEREAS, citizens of 42 states may deduct state income tax payments from their federal returns but more than 50 million Americans living in 9 states have no comparable relief. Seven states, Florida, Texas, Alaska, Wyoming, Washington, South Dakota, and Nebraska, have no state income tax. Two states, Tennessee and New Hampshire, impose an income tax only on interest and dividends but not on wages, and

WHEREAS, taxpayers in these states are discriminated against under federal tax laws simply because their states have no income tax, and the Federal Government must strive to avoid tax policies that favor residents of some states over residents of others, and

WHEREAS, the ability to deduct state and local taxes is based on the principle that levying a tax on a tax is unfair, and federal law currently permits taxpayers to include itemized deductions for state and local income taxes and foreign income taxes, personal property taxes, real estate taxes, self-employment taxes, certain business expenses and

1 occupational taxes, and taxes paid on rental property or
2 royalty income, but not on state sales taxes, and
3 WHEREAS, residents of states without state income taxes
4 pay a greater percentage of taxes to the Federal Government
5 than do residents of states with state income taxes, and this
6 system means that two taxpayers with identical income and
7 financial circumstances can have differing federal tax
8 liabilities if they live in different states, and

9 WHEREAS, since the creation of the federal income tax
10 in 1861 until 1986, the sales tax deduction had been accepted
11 as a necessary feature of federalism, and states should have
12 the right to decide for themselves how they want to collect
13 their revenues without interference from the Federal
14 Government, and

15 WHEREAS, allowing taxpayers to deduct either their
16 state and local income tax or state and local sales taxes paid
17 in a given year would restore equity and fairness across the
18 states, NOW, THEREFORE,

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20 Be It Resolved by the Legislature of the State of Florida:

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22 That the Congress of the United States is respectfully
23 requested to reinstate the federal income tax deduction for
24 sales taxes paid.

25 BE IT FURTHER RESOLVED that copies of this memorial be
26 sent to the President of the United States, the President of
27 the United States Senate, the Speaker of the United States
28 House of Representatives, and to each member of the Florida
29 delegation to the United States Congress.

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