ECLEG MAY21'13 AM10:41

A RESOLUTION TO BE SUBMITTED
BY LEGISLATORS HOGUES, GRANT, MAZUR, MARINELLI,
LOUGHRAN & McCRACKEN

RE: Opposing Federal Budget Proposals that Would Eliminate State and Local Tax Deductions

WHEREAS, for more than 150 years, the deductibility of state and local taxes from federal income tax liability has been a long-standing law (Revenue Act of 1862) and tradition in the United States of America; and

WHEREAS, the deductibility of state and local taxes on federal tax forms prevents the double taxation of income; and

WHEREAS, it would be patently unfair for the federal government to levy income tax filers a second time on the same income, when taxpayers have already forwarded payment of their state income and local tax liabilities (primarily property taxes) to those respective levels of government; and

WHEREAS, elimination of the federal deduction for state and local taxes paid would result in a significant tax hike for many – if not most – taxpayers in New York State, increasing the federal tax liability of New York State residents by $14.8 billion annually; and

WHEREAS, this alteration in liability could result in an increase of more than 30% in federal income taxes paid by New York State residents; and

WHEREAS, it is well documented that New York State is a net creditor to the federal government – a reality first uncovered by the late United State Senator Daniel Patrick Moynihan; and

WHEREAS, in essence, New York State taxpayers send more revenues to Washington, D.C. than the state's citizens receive back in the value of federal programs, including such items as federal highway aid; and

WHEREAS, the proposed repeal of the state and local tax deduction would further exacerbate this imbalance; and

WHEREAS, beyond the obvious unfairness to the taxpayers of New York State, repeal of the deductibility of state and local income taxes is projected to have a chilling impact on the housing industry, potentially causing the loss of thousands of jobs and many millions in the loss of gross state product, economic activity and personal income; and

WHEREAS, concern is heightened in New York State as several recent federal tax reform commissions, including the President's 2010 National Commission on Fiscal Responsibility and Reform – better known as the Simpson-Bowles Commission – have

advanced so-called tax reform proposals that have included eliminating the deduction for state and local taxes; and

WHEREAS, with continued public attention and dialogue on the need to deal with the federal deficit, New York State taxpayers remain vulnerable to the threat of double taxation if the federal deduction for state and local taxes paid is eliminated in the future.

NOW, THEREFORE, BE IT

RESOLVED, that the Erie County Legislature support the continuation of the federal deduction for state and local taxes paid by New York State residents; and be it further

RESOLVED, that this Honorable Body recognize the positive impact on the state and local economy of maintaining the aforementioned deduction; and

RESOLVED, that copies of this resolution be conveyed to U.S. Senators Charles Schumer and Kirsten Gillibrand, the WNY Delegation to the House of Representatives and all others deemed necessary and proper.

FISCAL IMPACT: None for resolution.