

**Congress of the United States**  
**Washington, DC 20515**

October 16, 2017

The Honorable Paul D. Ryan  
Speaker  
U.S. House of Representatives  
H-232, The Capitol  
Washington D.C. 20515

The Honorable Kevin Brady  
Chairman  
House Committee on Ways and Means  
1102 Longworth HOB  
Washington D.C. 20515

Dear Speaker Ryan and Chairman Brady,

As Minnesotans, we write to express our strong concerns about recent proposals to eliminate the State and Local Tax (SALT) deduction. While all of us would like to see a simpler and fairer tax system that helps our families and businesses thrive, we were dismayed to learn that the Republican tax framework would repeal most itemized deductions, tacitly including the state and local tax provision. We strongly urge you to reject this misguided proposal that would harm our state.

The SALT deduction has been a bedrock component of our federal tax system for more than a century, and it remains critically important to Minnesota today. Of the 948,000 Minnesota households that itemized their federal tax deductions in 2015, 99.8 percent claimed a deduction for state and local taxes, or 35 percent of Minnesota's filing households. The average SALT benefit in our state was \$12,954, and these benefits are shared among constituents at all income levels. In 2015, 87 percent of Minnesota taxpayers who utilized the SALT deduction had household incomes below \$200,000.

Since the Revenue Act of 1913, federal law has acknowledged that the taxes citizens pay to state and local government are not disposable income and should not be taxed as such. The SALT deduction also recognizes that the state and local taxes Minnesotans pay are supporting a healthy and competitive state, strong communities, and excellent schools.

Minnesota's careful stewardship of all tax dollars — federal, state, and local — has helped our state deliver impressive results from our public investments in education, health, infrastructure, social services, and public safety. Earlier this year, Minnesota ranked third in the nation when *U.S. News and World Report* compiled a list of the best states in the country based on a long list of criteria, including health care, education, crime, infrastructure, opportunity, the economy, and government. We rank third in the nation in the share of adults with at least a two-year degree;

our state GDP growth is sixth in the nation; unemployment has been below 4 percent for most of the past two years; and our state is home to 17 Fortune 500 companies.

The innovation and economic momentum that we generate flows across our state's borders and aids job creation and economic growth in the rest of the country. Eliminating the SALT deduction would undercut the public investments that have helped Minnesota prosper. Disincentivizing those public investments would hurt both our state and the nation at large.

Beyond the potential economic damage, repealing the SALT deduction for individual taxpayers is grossly unfair. Companies can deduct their state and local taxes as a cost of doing business. U.S.-based multinationals receive the Foreign Tax Credit, allowing them to subtract the taxes they pay to other nations from their U.S. tax bills. Nothing in the recent Republican outline suggests that these tax benefits are threatened.

Enacting tax hikes on our middle class constituents is the wrong way to approach reform. Eroding our ability to continue the public investments that are helping our state thrive is a backwards approach. And asking our hard-working constituents to consent to double-taxation when large companies are excused from the same obligation is unfair.

We all agree that the current tax code is manifestly in need of reform, and we share many of your goals for the tax system. Our country and our state would benefit from a simpler, fairer tax code that promotes job creation and economic growth, but repealing the State and Local Tax Deduction is the wrong approach to achieve these goals.

We urge you to abandon this element of the Republican framework. Thank you for considering our views on this important issue.

Sincerely,



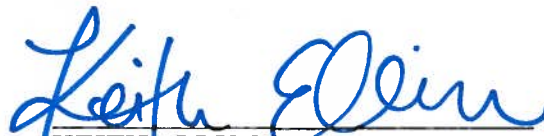
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