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Evaluating Certain Expiring Tax Provisions

Chairman Tiberi, Ranking Member Neal and Members of the Select Revenue Measures Subcommittee:

As you continue consideration of the future of our country's tax policy, I appreciate the opportunity to submit testimony in favor of renewing the state sales tax deduction and respectfully ask that my testimony be submitted into the record.

American taxpayers deserve a tax code that is less complex and easier to understand. It is time to replace the current code with one that is simpler, fairer, and more consistent. A simplified tax code will not only assist taxpayers in complying with the law, it will reduce the cost of administering and collecting taxes, thereby saving taxpayers money.

As you consider ways to simplify and improve our tax code, ensuring fairness in the tax code should be a top priority. Restoring the state sales tax deduction would prevent millions of Americans from being punished for their state's tax structure.

My home State of Washington is one of nine states across the country that does not have a state income tax. Instead, Washington and non-income tax states have opted to charge residents a substantial sales tax in order to finance state services. The current tax code contains a federal tax deduction for state income taxes, but excludes a deduction for sales taxes – penalizing residents of states with no income tax. As you know, Congress recognized the inequity of this provision and restored the state sales tax deduction in 2004.

Unfortunately, in spite of efforts by myself and my colleagues from impacted states, this deduction was never made permanent. After several extensions, the state sales tax deduction expired at the end of 2011. Should this provision not be renewed retroactively, Washingtonians and millions of other Americans will be forced to once again pay a disproportionate amount in taxes on their tax returns.

Residents of states who opt to have a higher sales tax instead of state income taxes should not be punished by having to turn over more of their hard earned money to the federal government. In 2010, the most recent year of published IRS data, 951,803 Washingtonians took advantage of the state sales tax deduction. By renewing this important deduction, Washingtonians and those in other states with a sales tax instead of an income tax, will be able to spend and invest more of

their money as they see fit. The state sales tax deduction is not a carveout- it does not pick winners and losers. It simply restores fairness to millions of hardworking taxpaying Americans.

Once again, I respectfully ask you to consider tax fairness for residents of Washington and all non-income tax states and make the state sales tax deduction permanent. Thank you for your consideration.