

CONGRESSWOMAN MIKIE SHERRILL
Member Testimony
“Committee on Ways and Means Members’ Day Hearing”

10:00AM June 4, 2019
1100 Longworth House Office Building

Chairman Neal will recognize you for 5 minutes

Thank you, Chairman Neal, Ranking Member Brady, and Members of the Committee for the opportunity to testify today. Before I begin, I want to recognize and thank my good friend and colleague from New Jersey, Rep. Pascrell, who fights every day to advance New Jersey’s priorities as a member of this esteemed committee.

In North Jersey, the number one issue I hear about from my constituents is the 2017 tax bill’s cap on the state and local tax deduction, known as “SALT”. Since 1913, the SALT deduction has protected many taxpayers from double taxation by allowing them to deduct all state and local taxes from their federal tax liability. That all changed in 2017, when the Tax Cut and Jobs Act imposed a \$10,000 cap on the SALT deduction.

Chairman Neal, imposing a \$10,000 cap on the SALT deduction is simply an attack on New Jersey residents, businesses, and homeowners. A recent survey from the New Jersey Society of Certified Public Accountants showed that *60-percent of respondents* said that the Tax Cut and Jobs Act increased the number of clients they would advise to leave the state.

The CEO and executive director of the NJCPA, Ralph Thomas, explained it well: “...our residents did not benefit nearly as much from the tax reform package as many other states. We need to work together on the federal and state levels to improve the tax inequities so that individuals and companies will stay in New Jersey and thrive.”

This highlights the failure of the 2017 tax bill. But don’t take my word for it. The non-partisan Congressional Research Service recently released a report concluding the 2017 Tax Cuts and Jobs Act had a “relatively small” effect – “if any” - on the economy.

I spoke this spring to a math teacher in my district about the impact of the SALT deduction cap. He told me that every year, the math department helps other teachers prepare their taxes. And this year, many of the teachers were seeing their taxes go up.

There is a misconception that the SALT deduction does not help the middle class, or working families. Teachers are members of the middle class. They depend on this deduction with the high cost of living in our area, and capping it has made it that much harder to afford living in our state.

It's bad for small business owners with pass-throughs. Even worse? The marriage penalty. The SALT cap unfairly imposes a marriage penalty by limiting married couples filing jointly to the same \$10,000 cap as individuals.

This trillion-dollar tax law hurt small New Jersey businesses without helping the economy. It increased the deficit instead of increasing wages. It penalized married couples filing jointly. And in a state like New Jersey, that sends more money to Washington in federal tax dollars, and gets back less than almost any other state, I understand why my constituents do not feel Washington is working for them.

The non-partisan CRS report underscores the need for comprehensive tax reform that restores the state and local tax deduction for New Jersey residents.

I know many of the distinguished members of this committee agree. Congressman Pascrell, you have been a tireless champion for bringing back SALT. Congressman Thompson, Congressman Larson, on behalf of my constituents, I thank you for your work and support as well. And I'd be remiss if I didn't note Congresswoman Nita Lowey's bill to restore the full deduction, which I also support.

While I am committed to full repeal, I also owe it to the people of New Jersey to offer proposals that can garner bipartisan support.

That's why I recently teamed up with Representatives Elise Stefanik, Peter King, and Gil Cisneros to introduce the bipartisan SALT Relief and Marriage Penalty Act. My bill, H.R. 2624, would make the SALT deduction equal to the standard deduction taken by taxpayers: \$12,000 for individual filers; \$18,000 for Head of Households; and \$24,000 for joint filers.

In 2016, Morris County residents in my district filed 108,000 joint returns. The average SALT deduction for Morris County was more than \$23,500. By raising the cap to \$24,000 and eliminating the marriage penalty for joint filers, we can provide immediate relief to middle-class families who have been penalized by this double-

taxation. It would also encourage charitable giving and homeownership, and it has been endorsed by the National Realtors Association and the American Federation of Teachers.

Mr. Chairman, these are the hardworking people across this country being hurt, and we need to hold a vote to offer them relief. I know we can do it on a bipartisan basis. Because with your leadership, we've shown we can work across party lines to pass commonsense legislation.

Mr. Chairman, nothing is more important to people's' daily lives than the ability to afford to live and work in safe communities with good schools and strong public and private resources. Congress made that much harder for tens of thousands of New Jersey families I represent. We owe them a solution and we owe them a vote.

Thank you, Mr. Chairman.