

Testimony by

The Honorable P. David Tarter

Mayor, City of Falls Church, Virginia

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House of Representatives

Subcommittee on Select Revenue Measures

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Chairman Thompson, Ranking Member Smith, Members of the Subcommittee, my name is David Tarter, and I am proud to serve as Mayor of Falls Church, Virginia.

Falls Church is a small, independent city of about 14,000 citizens, located on the outskirts of Washington. Our local elections are non-partisan and I was elected as an independent.

So, I come here today without a political axe to grind.

That being said, let me be clear about the issue at hand: I believe it is a poor idea to cap the SALT deduction. It only hurts hardworking families and municipalities like mine.

In Falls Church, we ask a lot of our tax payers. We have to. As a city in Virginia, we are independent of a county, and yet must provide the same full range of municipal services – excellent schools, a trustworthy police force, well-maintained parks, and clean streets. Lacking the economies of scale of our larger neighbors, our property taxes are formidable. People choose to live in Falls Church anyway, because I'm proud to say that our town values the right things, like our award-winning school system.

In recent years, we've built a new middle school, expanded two elementary schools, and, earlier this month, broke ground on a brand-new high school. All that, plus we are renovating our city hall and library.

These capital investments are expensive, but our citizens view them as a necessary part of maintaining the Falls Church way of life, and as investments in our community's future.

The median cost of a single-family home in our town is \$825,000. That doesn't buy you a mansion - - more likely a modest brick rambler, built in the 1950's.

For that, our median City mortgage payer lays out more than \$36,000 a year.

So, while our household income may appear to be high, when stacked up against the imposing cost of living, many of our residents struggle to make house payments, pay taxes, and make ends meet.

There are no yachts in Falls Church, just lots of hard-working families trying to get by in the high rent district. Most of the folks that I know are two income families who serve their country though work in government or the military and want the best education possible for their children.

I am not a wealthy man. I have discovered that being a locally elected official is not a financially lucrative career. But like many of my fellow citizens, I now face the prospect of paying thousands of dollars in added taxes because of limitations in the SALT deduction.

Like you, I care about the tax burden on my constituents. Even before this cap, I felt our community was at the top end of its taxing capacity.

The number one issue I hear about when campaigning is taxes - - our property taxes. And indeed, they are burdensome. The owners of that \$825,000 house I mentioned will pay over \$11,000 in property taxes this year alone.

When you add in Virginia income and car taxes, that same citizen's SALT payments far exceed the new \$10,000 cap.

What does that mean? It means that tax dollars that could have gone to the city are now going to the federal government, and there is less money available for essential local services, like schools, police, and fire protection.

The new cap on the SALT deduction double taxes citizens on these payments, and penalizes workers in high cost areas like my City, where wages and income are high, but are fully matched by the cost of living.

To us in local government, the recent SALT limitation also has the look and feel of another unfunded mandate, whereby higher levels of government can claim they reduced taxes, but in reality, they are merely shifting the burden downstream.

That high school I mentioned earlier was built in the 1950's, with grants and zero percent loans from the federal and state governments.

Today, we are on our own. Our local tax payers are getting no assistance from the federal government, and worse, with the limitation of the SALT deduction, taxes have been effectively raised.

Back home, we agree with that most famous Virginian, Thomas Jefferson, who said, "The government closest to the people serves the people best."

In Falls Church, we balance our budgets. And we provide necessary services in the most cost-effective manner. Local government is where the rubber meets the road.

We should not be at odds with the Federal government, but instead working in close partnership to create better outcomes for citizens. From where I sit, repealing the SALT deduction cap would be a step in the right direction. Thank you.