

Chairman Thompson, Ranking Member Smith, members of the committee, it is an honor to be here and offer testimony in support of removing the cap on the state and local tax deduction commonly referred to as SALT-D.

My name is Dr. Paul Imhoff and I am the superintendent of the Upper Arlington City School District in suburban Columbus, Ohio. I have been an educator for 29 years. Our district serves over 6,000 students in a community of over 30,000 residents. We are widely considered one of the finest school districts in the state of Ohio and even though we are a “built out” community, enrollment projections call for growth of almost 20% in the next decade. In short, we are a community that is attracting families due to the quality and reputation of our schools.

I am here today because my district is beginning to see how the SALT-D cap threatens our ability to maintain local autonomy over how we raise local revenue, a major source of our funding. In fact, over 80% of our funding comes from local property tax levies. Our school district, like many in Ohio, relies upon property taxes to fund our schools. We find that we need to ask for a new property tax levy every three to four years because our levy collections are fixed and are not allowed to grow with inflation. The full deductibility of property taxes has long been a key factor passing these levies and funding our schools; deducting state and local taxes was an original component of the first federal tax code, and that deductibility directly impacts how willing and able local tax payers are to support changes in local taxes. Without the ability to deduct—and to avoid paying double taxes—an increase at the local level is felt twice, and that is not something our tax payers readily support.

I, and many of my colleagues, have followed this debate and have heard the narrative that SALT-D is a blue state issue or an issue that only impacts states on the coasts. I am here from Ohio to stress that this issue is not a red state or blue state issue – it is a public education issue. Public education is the foundation of our republic and the overwhelming majority of funding for public schools comes from state and local sources. The SALT-D cap threatens to erode our ability to raise those funds at the local level which could begin to deprive local districts of the resources needed to educate our students. I am concerned that the unintended consequence of this change will be to provide additional revenue to the federal government at the expense of local school districts. You cannot allow this to happen to our students.

The other argument I have heard is that this issue only impacts wealthy people and they can afford a tax increase. Again, this is not correct. The median home value in our district is \$357,200 and the property taxes on this median home value are \$9633. Meaning that property taxes take the average resident of our community to the new SALT-D cap before even factoring in state taxes and local income and earning taxes. This change is significant for average families in my district and in districts across our state.

If you visited my community, you would find beautiful tree-lined streets filled with families who care deeply about one another and invest heavily in public education. If you have heard of Upper Arlington you may know we are considered an affluent community and that is correct. When I shared our median home value you may think – someone who owns a \$357,000 home

can afford a tax increase – but again this is not correct. Our community is not one dimensional and we have more and more families making financial sacrifices to move to our city to place their students in our excellent schools. These are families living pay check to pay check, with less flexibility in their household budget to absorb tax increases. This change in tax law has meant an increase in federal taxes when they do not have the margin to pay for such an increase. I am concerned that these families will not be able to afford future school tax levies because of this increase in federal taxes.

I urge the committee to restore full deductibility for state and local taxes and avoid the negative consequences for average Americans and their children.