The Testimony of Mayor Robert E. De Natale
Bayville, New York
Ways and Means Subcommittee on Select Revenue Measures
Hearing on How Recent Limitations to the SALT Deduction Harm Communities, Schools, First Responders, and Housing Values

I’d like to thank Chairman Thompson, Ranking Member Smith, members of the subcommittee and Congressman Suozzi for the opportunity to share with the subcommittee the hardship caused by the limitation on SALT deductions.

Congress’s decision, in 2017, to limit taxpayers’ state and local tax deduction has hit millions of families in New York with a “one-two punch” of higher taxes and lower home values. This is harming village bottom lines and hurting our ability to provide key services.

The perception that the SALT deduction cap is only affecting wealthy families is false.

The Village of Bayville, located on Long Island, has some 7,000 residents that are mostly middle class, hard-working people. They choose to live in Bayville because of its proximity to Long Island Sound and beautiful Oyster Bay, summer home of our 26th President, Teddy Roosevelt. It’s a three mile peninsula that is home to average citizens. The vast majority of homeowners need two household incomes to afford to live here. It is not a haven for the wealthy.

Another huge attraction to our community is our well-regarded school district that costs the average taxpayer over $10,000 per year.

We may soon be faced with reducing local taxes to make up for the federal tax increase caused by the SALT deduction limitation, which would have a devastating impact on the services our constituents depend on.

Combined with County and Village taxes the average modest home has a total tax bill of $20,000.

A great many of our residents live in a flood zone that requires flood insurance in order to obtain a mortgage. The cost of flood insurance averages $2,000 annually.

The median income for a single person in our Village is $68,500 and the median income for a family is $77,800.

The SALT deduction limitation has caused many residents to rethink staying in the village where they grew up or have raised their children. As a result, we have over sixty homes listed as for sale on Multiple Listing Services of Long Island; that is a 30% increase since 2017. The typical resident is having a difficult time balancing personal budgets, maintaining their property, and saving for their future. Indeed, a recent Newsday article documented the fact that most young people are being forced to relocate. The inability of residents to fully deduct all property taxes is certainly something we’ve been grappling with since the change was made.

Limiting the SALT deduction will have long term consequences for the economic health and vitality of my village. The State and Local Tax Deduction, along with the Mortgage Interest
Deduction, are vital for homeowners to maintain a solid financial foundation. Limiting those deductions has hurt homeowners financially, and it may now be negatively impacting the housing market. Home sales now stand a chance of declining and home values may soon follow – only further eroding our tax base and reducing the wealth of many families in my community.

Restoring the SALT program to its previous standards would be a huge help to our residents and I urge your subcommittee to restore the previous provisions of the original program.

Respectfully,

Robert E. De Natale, Mayor
Incorporated Village of Bayville, New York