



587,000 FLORIDA HOUSEHOLDS FACE TAX HIKE UNDER U.S. SENATE TAX PLAN SIMILAR TO HIKES FROM STATE & LOCAL TAX (SALT) DEDUCTION “COMPROMISES”

Under the tax bill passed by the U.S. Senate, **nearly 587,000 Florida taxpayers (5.4%) would face tax increases in 2019 of \$1,040 on average**, according to the Institute on Taxation and Economic Policy (ITEP). [Table 1] A major reason for these tax increases is the bill’s limitation of the state and local tax (SALT) deduction. The Senate-passed bill repeals the deduction for state and local income and sales taxes, and caps deductible property taxes at \$10,000. **In Florida 22.5% of taxpayers claim the SALT deduction, averaging \$9,000, according to the Tax Policy Center.**

Lawmakers are considering “compromises” that may be included in the final bill, which they claim would limit the harm to middle-class families from scaling back the SALT deduction. One proposal (“SALT Compromise 1”) would allow taxpayers to deduct a combination of state and local income taxes and property taxes, with the total deduction capped at \$10,000. A less generous proposal (“SALT Compromise 2”) would allow taxpayers to deduct up to \$10,000 in either income taxes or property taxes, but not both. Thus, if a household has only \$5,000 in income taxes and \$3,000 in property taxes it could only deduct up to \$5,000.

ITEP analyzed the two “compromises” and found that they would do little to limit the harm of the Senate tax bill to Florida residents, and would do nearly nothing for middle-class families. **Under SALT Compromise 1, allowing a \$10,000 deduction for combined income and property taxes, more than 566,000 Florida taxpayers (5.2%) would still face tax increases in 2019, averaging \$1,070.** [Table 2]

Under SALT Compromise 2, which forces taxpayers to choose between deducting up to \$10,000 in either income or property taxes, nearly 563,000 Florida taxpayers (5.2%) would still see their taxes rise by an average of \$1,070. [Table 3]

Table 1: Florida Taxpayers Facing Tax Hikes Under Senate-Passed Bill, 2019

Income Group	Income Range		Taxpayers in Income Group	Share with Tax Hike	Taxpayers with Tax Hike	Average Tax Hike
Poorest 20%	Less than	\$21,440	2,149,950	4.1%	87,240	\$40
Second 20%	\$21,440	to \$35,500	2,148,160	4.6%	98,300	\$600
Middle 20%	\$35,500	to \$56,970	2,146,500	5.8%	124,380	\$520
Fourth 20%	\$56,970	to \$97,370	2,153,480	7.2%	154,550	\$1,000
Next 15%	\$97,370	to \$228,720	1,613,580	6.9%	110,850	\$1,510
Next 4%	\$228,720	to \$682,090	429,830	2.1%	9,180	\$1,840
Richest 1%	\$682,090	and higher	108,280	1.8%	1,910	\$77,190
ALL			10,836,610	5.4%	587,470	\$1,040
Bottom 60%	Less than	\$56,970	6,444,610	4.8%	309,920	\$410

Sources: ITEP, [“Compromises” Under Discussion for the State and Local Tax Deduction Do Not Fix Flawed Tax Bills](#) (Dec. 10, 2017). Number of taxpayers in each income group from ITEP, [“National and 50-State Impacts of House and Senate Tax Bills in 2019 and 2027”](#) (Dec. 6, 2017). Average tax hike from ITEP’s microsimulation model, shared with ATF.

Table 2: Florida Taxpayers Facing Tax Hikes Under SALT Compromise 1, 2019

Income Group	Income Range		Taxpayers in Income Group	Share with Tax Hike	Taxpayers with Tax Hike	Average Tax Hike	
Poorest 20%	Less than		\$21,440	2,149,950	4.1%	87,242	\$40
Second 20%	\$21,440	to	\$35,500	2,148,160	4.6%	98,296	\$590
Middle 20%	\$35,500	to	\$56,970	2,146,500	5.1%	109,957	\$560
Fourth 20%	\$56,970	to	\$97,370	2,153,480	6.9%	149,334	\$1,030
Next 15%	\$97,370	to	\$228,720	1,613,580	6.8%	109,279	\$1,490
Next 4%	\$228,720	to	\$682,090	429,830	2.1%	8,984	\$1,810
Richest 1%	\$682,090	and	higher	108,280	1.8%	1,909	\$77,190
ALL				10,836,610	5.2%	566,056	\$1,070
Bottom 60%	Less than		\$56,970	6,444,610	4.6%	295,495	\$420

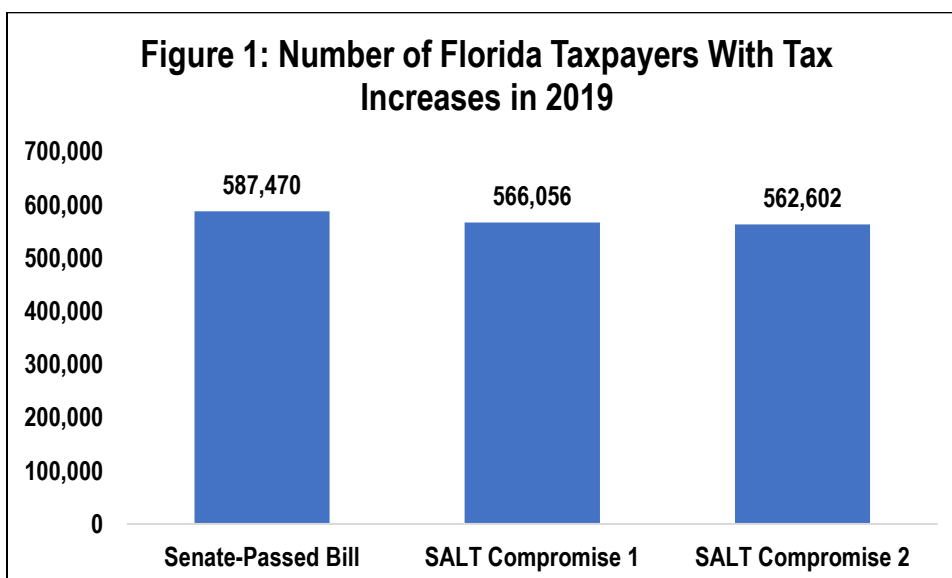
Sources: See Table 1

Table 3: Florida Taxpayers Facing Tax Hikes Under SALT Compromise 2, 2019

Income Group	Income Range		Taxpayers in Income Group	Share with Tax Hike	Taxpayers with Tax Hike	Average Tax Hike	
Poorest 20%	Less than		\$21,440	2,149,950	4.1%	87,242	\$30
Second 20%	\$21,440	to	\$35,500	2,148,160	4.6%	98,296	\$600
Middle 20%	\$35,500	to	\$56,970	2,146,500	5.1%	108,630	\$570
Fourth 20%	\$56,970	to	\$97,370	2,153,480	6.9%	147,584	\$1,030
Next 15%	\$97,370	to	\$228,720	1,613,580	6.8%	109,884	\$1,490
Next 4%	\$228,720	to	\$682,090	429,830	2.1%	8,961	\$1,820
Richest 1%	\$682,090	and	higher	108,280	1.8%	1,909	\$77,190
ALL				10,836,610	5.2%	562,602	\$1,070
Bottom 60%	Less than		\$56,970	6,444,610	4.6%	294,168	\$420

Sources: See Table 1

Figure 1: Number of Florida Taxpayers With Tax Increases in 2019



Sources: See Tables 1-3