



## 1.5 MILLION NEW YORK 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 1.5 million New York taxpayers (15%) would face tax increases in 2019 of \$2,230 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 New York 35% of taxpayers claim the SALT deduction, averaging \$22,170, 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 New York 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 1.3 million New York taxpayers (13.5%) would still face tax increases in 2019, averaging \$2,230.** [Table 2]

**Under SALT Compromise 2, which forces taxpayers to choose between deducting up to \$10,000 in either income or property taxes, almost 1.4 million New York taxpayers (14%) would still see their taxes rise by an average of \$2,190.** [Table 3]

**Table 1: New York 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	\$24,130	1,914,870	5.4%	103,640	\$70
Second 20%	\$24,130	to \$40,700	1,944,750	7.8%	151,170	\$550
Middle 20%	\$40,700	to \$67,910	1,929,950	11.9%	230,330	\$810
Fourth 20%	\$67,910	to \$120,560	1,931,290	23.0%	443,990	\$1,490
Next 15%	\$120,560	to \$280,210	1,448,090	32.3%	467,240	\$1,920
Next 4%	\$280,210	to \$888,520	386,240	10.3%	39,850	\$5,110
Richest 1%	\$888,520	and higher	96,400	44.6%	42,950	\$29,280
<b>ALL</b>			9,765,350	15.1%	1,479,170	\$2,230
Bottom 60%	Less than	\$67,910	5,789,570	8.4%	485,140	\$570

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: New York Taxpayers Facing Tax Hikes Under SALT Compromise 1, 2019**

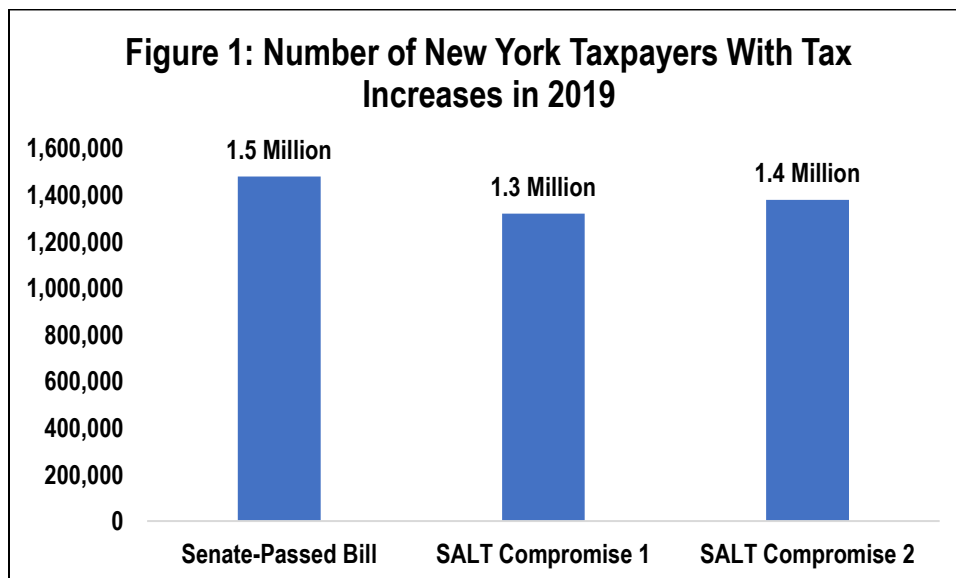
Income Group	Income Range		Taxpayers in Income Group	Share with Tax Hike	Taxpayers with Tax Hike	Average Tax Hike
Poorest 20%	Less than	\$24,130	1,914,870	5.4%	102,680	\$70
Second 20%	\$24,130	to \$40,700	1,944,750	7.8%	151,170	\$530
Middle 20%	\$40,700	to \$67,910	1,929,950	10.6%	205,360	\$810
Fourth 20%	\$67,910	to \$120,560	1,931,290	18.8%	363,350	\$1,430
Next 15%	\$120,560	to \$280,210	1,448,090	29.0%	420,030	\$1,770
Next 4%	\$280,210	to \$888,520	386,240	8.9%	34,540	\$5,160
Richest 1%	\$888,520	and higher	96,400	44.5%	42,920	\$29,040
<b>ALL</b>			9,765,350	13.5%	1,320,060	\$2,230
Bottom 60%	Less than	\$67,910	5,789,570	7.9%	459,220	\$550

Sources: See Table 1

**Table 3: New York 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	\$24,130	1,914,870	5.4%	103,640	\$60
Second 20%	\$24,130	to \$40,700	1,944,750	7.8%	151,070	\$530
Middle 20%	\$40,700	to \$67,910	1,929,950	11.2%	216,950	\$820
Fourth 20%	\$67,910	to \$120,560	1,931,290	20.9%	403,020	\$1,420
Next 15%	\$120,560	to \$280,210	1,448,090	29.5%	426,800	\$1,780
Next 4%	\$280,210	to \$888,520	386,240	8.9%	34,550	\$5,160
Richest 1%	\$888,520	and higher	96,400	44.5%	42,920	\$29,030
<b>ALL</b>			9,765,350	14.1%	1,378,940	\$2,190
Bottom 60%	Less than	\$67,910	5,789,570	8.1%	471,660	\$560

Sources: See Table 1



Sources: See Tables 1-3