



473,000 VIRGINIA 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 473,000 Virginia taxpayers (11%) would face tax increases in 2019 of \$890 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 Virginia, 37% of taxpayers claim the SALT deduction, averaging \$11,300, 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 Virginia 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, nearly 318,000 taxpayers (8%) would still face tax increases in 2019, averaging \$800.** [Table 2]

Under SALT Compromise 2, which forces taxpayers to choose between deducting up to \$10,000 in either income or property taxes, nearly 392,000 Virginia taxpayers (9%) would still see their taxes rise by an average of \$790. [Table 3]

Table 1: Virginia 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 Hike	
Poorest 20%	Less than		\$23,840	828,600	4%	29,693	\$280
Second 20%	\$23,840	to	\$43,260	827,890	7%	54,362	\$590
Middle 20%	\$43,260	to	\$71,390	828,890	10%	84,610	\$560
Fourth 20%	\$71,390	to	\$127,030	829,040	18%	148,717	\$840
Next 15%	\$127,030	to	\$267,900	620,960	24%	148,600	\$1,150
Next 4%	\$267,900	to	\$644,150	166,480	4%	6,573	\$2,700
Richest 1%	\$644,150	and	higher	41,290	1%	314	\$56,470
ALL				4,179,620	11%	472,872	\$890
Bottom 60%	Less than		\$71,390	2,485,380	7%	168,665	\$520

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: Virginia Taxpayers Facing Tax Hikes Under SALT Compromise 1, 2019

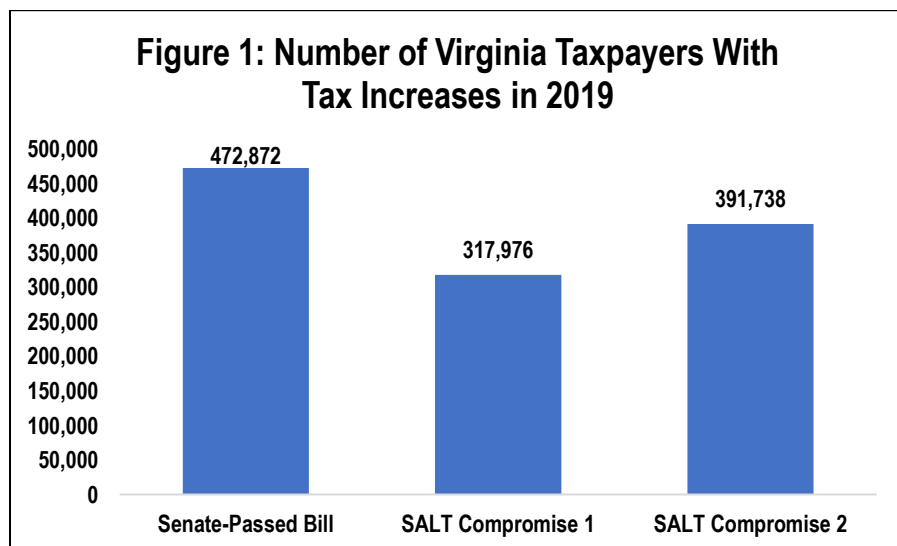
Income Group	Income Range		Taxpayers in Income Group	Share with Tax Hike	Taxpayers with Tax Hike	Average Tax Hike	
Poorest 20%	Less than		\$23,840	828,600	4%	29,693	\$280
Second 20%	\$23,840	to	\$43,260	827,890	6%	50,406	\$600
Middle 20%	\$43,260	to	\$71,390	828,890	8%	66,347	\$530
Fourth 20%	\$71,390	to	\$127,030	829,040	9%	77,068	\$770
Next 15%	\$127,030	to	\$267,900	620,960	14%	88,306	\$1,030
Next 4%	\$267,900	to	\$644,150	166,480	4%	5,841	\$2,340
Richest 1%	\$644,150	and	higher	41,290	1%	314	\$56,160
ALL				4,179,620	8%	317,976	\$800
Bottom 60%	Less than		\$71,390	2,485,380	6%	146,446	\$500

Sources: See Table 1

Table 3: Virginia 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		\$23,840	828,600	4%	29,693	\$280
Second 20%	\$23,840	to	\$43,260	827,890	7%	54,362	\$580
Middle 20%	\$43,260	to	\$71,390	828,890	10%	81,413	\$520
Fourth 20%	\$71,390	to	\$127,030	829,040	14%	117,281	\$780
Next 15%	\$127,030	to	\$267,900	620,960	17%	102,818	\$1,020
Next 4%	\$267,900	to	\$644,150	166,480	4%	5,855	\$2,350
Richest 1%	\$644,150	and	higher	41,290	1%	314	\$56,160
ALL				4,179,620	9%	391,738	\$790
Bottom 60%	Less than		\$71,390	2,485,380	7%	165,468	\$500

Sources: See Table 1



Sources: See Tables 1-3