



NATIONAL
ASSOCIATION of
REALTORS®

December 10, 2019

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The Honorable Richard E. Neal
Chair
House Committee on Ways and Means
2309 Rayburn House Office Building
Washington, DC 20515

The Honorable Kevin Brady
Ranking Member
House Committee on Ways and Means
1011 Longworth House Office Building
Washington, DC 20515

Dear Chair Neal and Ranking Member Brady:

On behalf of the 1.4 million members of the National Association of REALTORS®, I thank you for scheduling a markup session tomorrow to address the limitation on the deduction for state and local taxes (SALT). This issue has serious implications for the future of homeownership in America, even for many current and potential buyers and owners of homes who are not presently impacted by the current \$10,000 limit.

Although the Tax Cuts and Jobs Act of 2017 delivered numerous welcomed changes to families and individuals across the country, this landmark legislation also brought the unintentional – and unfortunate – consequence of significantly reducing the tax incentives for homeownership in America. Because the standard deduction now exceeds the total itemized deductions of an estimated 90 percent of Americans, fewer than half as many current and potential homeowners will now take advantage of property tax and mortgage interest deductions as did before 2018.

For millions of Americans, limiting the amount of state and local taxes that can be deducted diminished or erased the long-standing tax incentives of owning a home. Exacerbating the problem is that the SALT cap features two inherent flaws that are inequitable in their treatment of taxpayers. First, because the limit is the same for single and for joint filers, it results in a serious penalty on marriage. Second, the effect of the lack of an index on the SALT cap is heightened by the fact that the standard deduction is increased annually by an inflation adjustment. Unless it is changed, each year more and more will find the tax incentives to own or buy a home to be meaningless.

We are heartened to learn that the Committee intends to address the marriage penalty in the SALT cap and encourage you to also index the cap for inflation to the extent that it remains in the law under the changes the Committee considers. Doing so would allow many more current and prospective homeowners to regain the homeownership incentive that our tax law has provided for decades.

Homeownership has long been a vital part of the American Dream. Research shows that an overwhelming majority of current renters aspire to own a home, and we know that our nation’s faith in homeownership has persisted through the Great Recession. Our tax system has long helped American families to reach this Dream. Thank you for your leadership in helping to ensure that it continues to do so.

Sincerely,

Vince Malta
2020 President, National Association of REALTORS®

cc: United States House Committee on Ways and Means



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