



December 11, 2008

The Honorable Marsha Blackburn  
United States House of Representatives  
509 Cannon House Office Building  
Washington, DC 20515

Dear Representative Blackburn:

On behalf of the 362,000 members of the National Taxpayers Union, I write in strong support of H.R. 7308, your “State and Local Sales Tax Deduction Expansion Act,” to permanently establish an itemized deduction on federal tax returns for state and local sales taxes paid. The Tax Code remains in dire need of a top-to-bottom overhaul, but this kind of permanent, broad-based deduction would be helpful in lowering taxes on millions of struggling Americans.

By ending the “either/or” choice for itemizing income or sales taxes, H.R. 7308 would deliver significant savings to tens of millions of American families. For residents of the nine states that do not have a state income tax, the benefit would amount to \$650 on average. In addition, it would be retroactive to the beginning of this year, ensuring that nobody misses out on the benefit when next Tax Day comes.

H.R. 7308 would also eliminate for good a discriminatory portion of the Tax Code that has for many years penalized taxpayers who pay large state sales taxes. There is no legitimate justification for doing so on policy grounds, since sales taxes deprive citizens of their own money just as income and property taxes can. Indeed, federal law in this area can be said to provide cover for state leaders who unwisely raise economically destructive income taxes. According to a 2008 study of state and local tax burdens among 50 of America’s large cities, 7 of the 10 areas with the lowest *overall* tax burdens levied no income taxes at all. Meanwhile, 7 of the 10 areas with the highest *overall* taxes had income tax burdens that were above the national median. Taxpayers deserve a more rational Tax Code that doesn’t stack the deck against one particular state taxation scheme.

Finally, this legislation would eliminate debate over one of the tax “extenders” that Congress fights about every year. Only recently has a state and local sales tax deduction been provided for Americans, and a series of temporary extensions in the law have added to the public’s anxiety that their tax savings may disappear because of Congressional inaction. By enshrining this deduction into permanent statutes, this policy would be moved from the extenders column into the realm of settled law.

We applaud your efforts to reduce taxes on hard-working Americans and look forward to working with you to pass this important piece of legislation. **Any roll call votes on H.R. 7308 will be heavily weighted in our annual Rating of Congress.**

Sincerely,

Andrew Moylan  
Government Affairs Manager