



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

April 14, 2015  
(House Rules)

## STATEMENT OF ADMINISTRATION POLICY

### H. R. 622 – State and Local Sales Tax Deduction Fairness Act of 2015

(Rep. Brady, R-Texas, and 43 cosponsors)

The Administration supports measures to make the Nation's tax code fairer and simpler for middle-class and working families. The President's Budget includes a number of proposals that would streamline existing tax breaks and provide additional tax relief to millions of families, helping paychecks go further to cover the cost of child care, college, and a secure retirement. The President's proposals are fully paid for primarily by closing tax loopholes for the highest-income Americans.

However, the Administration strongly opposes House passage of H.R. 622, which would permanently extend the tax deduction for State and local sales taxes without offsetting the cost, adding to long-term deficits. Current law allows taxpayers who itemize to claim a deduction for State and local sales taxes, in lieu of a deduction for State and local income taxes. By making permanent the deduction for State and local sales taxes, H.R. 622 would add \$42 billion to the deficit over the next ten years. The bill violates the very standard that House Republicans approved just last month in their budget resolution, which requires offsetting the cost of any tax extenders that are made permanent with other revenue measures.

As with other similar proposals, Republicans are imposing a double standard by adding to the deficit to continue costly tax breaks, while slashing investments and programs that serve middle-class and working Americans in the name of fiscal rectitude. If this same, unprecedented approach of making certain traditional tax extenders permanent without offsets were followed for the other traditional tax extenders, it would add \$500 billion or more to deficits over the next ten years, wiping out most of the deficit reduction achieved through the American Taxpayer Relief Act of 2013. House Republicans are also making clear their priorities by rushing to make costly tax extenders permanent and provide hundreds of billions of dollars of additional tax cuts for a few multi-million dollar estates, even as the House Republican budget resolution calls for raising taxes on 26 million working families and students by letting important improvements to the Earned Income Tax Credit, Child Tax Credit, and education tax credits expire.

The Administration wants to work with the Congress to make progress on measures that strengthen the economy and help middle-class families, including pro-growth business tax reform. However, H.R. 622 represents the wrong approach. If the President were presented with H.R. 622, his senior advisors would recommend that he veto the bill.

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