

FINAL BILL REPORT

SHJM 4004

As Passed Legislature

Brief Description: Requesting Congress to restore the federal income tax deduction for state and local sales taxes.

Sponsors: By House Committee on Finance (originally sponsored by Representatives Nixon, Campbell, Bush, Kessler, Talcott and Simpson).

House Committee on Finance
Senate Committee on Ways & Means

Background:

In 1986 federal tax changes removed the itemized deduction for state and local sales taxes on federal income tax returns. State and local income taxes and property taxes continue to be deductible as itemized deductions.

The Washington Tax Structure Committee estimates that Washington households pay an additional \$500 million in federal income taxes because the sales tax is no longer deductible.

A bill has been introduced in the 108th Congress to restore the itemized deduction for sales taxes. The bill would allow a deduction for sales taxes for residents of states that do not impose an income tax.

Summary:

Congress is requested to restore the itemized deduction for sales taxes.

Votes on Final Passage:

House 92 0
Senate 48 0