

SENATE BILL REPORT

SHJM 4004

As Reported By Senate Committee On:
Ways & Means, March 26, 2003

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

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

Brief History:

Committee Activity: Ways & Means: 3/26/03 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rossi, Chair; Hewitt, Vice Chair; Zarelli, Vice Chair; Brown, Doumit, Fairley, Fraser, Hale, Honeyford, Parlette, Poulsen, Regala, Roach, Sheahan, B. Sheldon and Winsley.

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Background: In 1986, federal tax changes removed the itemized deduction for state and local sales taxes on federal income tax returns. The Washington State Tax Structure Study estimates that Washington residents pay an additional \$500 million annually in federal tax because of the inability to deduct state sales taxes. State and local income taxes and property taxes continue to be deductible as itemized deductions.

Thus far in the 108th Congress, a bill has been introduced in the House of Representatives to restore the itemized deduction for sales taxes. H.R. 261, the Stop Discrimination Against Seven States Act of 2003, would allow taxpayers of states with no income tax to deduct state and local sales and complementary use taxes.

Summary of Bill: Congress is requested to restore the itemized deduction for retail sales taxes.

Appropriation: None.

Fiscal Note: Not requested.

Testimony For: None.

Testimony Against: None.

Testified: No one.