



CARL E. HEASTIE
Speaker

THE ASSEMBLY
STATE OF NEW YORK
ALBANY

Room 932
Legislative Office Building
Albany, New York 12248
518-455-3791
FAX: 518-455-5459

1446 East Gun Hill Road
Bronx, New York 10469
718-654-6539
FAX: 718-654-5836

250 Broadway, Suite 2301
New York, New York 10007
212-312-1400
FAX: 212-312-1418

October 25, 2017

Honorable Paul Ryan, Speaker
US House of Representatives
Office of the Speaker
H-232, The Capitol
Washington, DC 20515

Dear Speaker Ryan:

As Speaker of the New York State Assembly, I have fought for tax policies that put New York's families first. Therefore, it is my obligation to express concern over the cumulative impact of the tax reform proposals that have been outlined in the "Unified Framework for Fixing our Broken Tax Code," dated September 27, 2017. Among other things, the document establishes a goal of making the tax code "simple, fair and easier to understand", while giving "American workers a pay raise." In a recent interview on *CBS This Morning*, you affirmed your "focus on the middle class", and your commitment to "increasing paychecks, higher wages [and] faster economic growth which gets us a healthier economy and more jobs." Unfortunately, when it comes to middle income families in the State of New York, several elements of this plan may have the opposite effect.

I recognize the final content of this tax reform package is far from settled, and that the impact upon New Yorkers will crucially depend on variables such as tax bracket thresholds, tax rates and child tax credits. But it is the treatment of certain itemized deductions that, at least at this juncture, has given pause to the people whose interests are represented by the Members of the New York State Assembly.

According to a recent analysis by the New York State Department of Taxation and Finance, the elimination of the state and local tax (SALT) deduction would cost New Yorkers more than \$17.5 billion in additional federal taxes on an annual basis, with over 1.8 million of New York's middle-income families (earning \$50,000 to \$150,000) experiencing an average tax increase between \$1,299 and \$2,688. The scale of such an increase is untenable anywhere in the United States, but for individuals and families that reside in states with a relatively high cost of living, such as New York, this type of an increase would be unfathomable.

The proposed tax reform framework rightly acknowledges the prominent role homeownership plays in stabilizing our communities and strengthening our families by making known its preference to continue the home mortgage interest deduction. As the typical New York homeowner pays an average of \$8,727 per year under these auspices—on par with the United States' average—preservation of this benefit is paramount. However, in the past several weeks, the principle outlined in the framework appears to have been called into question; with some suggesting that taxpayers should simply choose the benefit of this deduction at the expense of others. A tax policy that calls upon Americans to choose the least bad option clearly misses the mark.

I know that you are familiar with the extraordinary contribution that hardworking New Yorkers already make through tax payments to the federal government on an annual basis. According to a report issued by New York State Comptroller Thomas P. DiNapoli, in FFY 2016 New Yorkers sent nearly \$41 billion more in taxes to Washington than they received in federal spending in return. Indeed, elimination of necessary deductions would only widen this chasm. Continuation of the SALT and home mortgage interest deductions makes good economic sense when it comes to promoting the vitality of our cities, towns and villages; while the elimination of either would have a devastating effect on regional economies throughout the State of New York.

In recent correspondence with the New York State Congressional Delegation, I stated that any federal tax reform package should put families first, provide relief for the middle class and create economic opportunities for taxpayers that need it most. I am certain that you too share these straightforward goals and like you, I look forward to enactment of a tax package of which all Americans can be proud.

Sincerely,

A handwritten signature in cursive script that reads "Carl E. Heastie".

CARL E. HEASTIE
Speaker
New York State Assembly