

1 SENATE CONCURRENT RESOLUTION

2 WHEREAS, The Tax Reform Act of 1986 eliminated the  
3 deductibility of state and local sales taxes paid by federal income  
4 tax return filers while it retained the deductibility of state and  
5 local income taxes; and

6 WHEREAS, Although the tax legislation was generally designed  
7 to simplify the federal income tax, eliminating the deduction for  
8 payment of state and local sales taxes created a fundamental  
9 disparity adversely affecting citizens of Texas and eight other  
10 states that do not levy a personal income tax; and

11 WHEREAS, While citizens in the 41 other states continue to  
12 deduct state and local income taxes, thereby reducing their federal  
13 income tax liability, taxpayers in Texas and a few other states have  
14 no corresponding tax deduction to ease their burden; the net effect  
15 of this imbalance is that Texans and citizens of eight other states  
16 pay a higher percentage of federal taxes than the majority of  
17 American taxpayers; and

18 WHEREAS, In addition to fostering the inequitable treatment  
19 of individual taxpayers, this disparity also has worked against the  
20 states whose tax structure has no general individual income tax and  
21 relies heavily on sales taxes; and

22 WHEREAS, A report published in March, 2002, by the  
23 Comptroller of Public Accounts of the State of Texas estimated that  
24 the inability to deduct state and local sales taxes could cost

1 Texans more than \$700 million for the 2002 tax year and, if the  
2 deductions are not restored, could cost the state more than 16,000  
3 jobs that otherwise would be created with a lower tax burden and an  
4 increase in disposable family income; and

5 WHEREAS, According to the report, reinstating the  
6 deductibility of state and local sales taxes on federal income tax  
7 returns could generate substantial benefits for Texas families and  
8 the state's economy; and

9 WHEREAS, A family of four with an income of \$60,000 could get  
10 an additional federal income tax deduction of \$1,015, and a single  
11 mother with one child and an income of \$35,000 could deduct an  
12 additional \$641; and

13 WHEREAS, The comptroller of public accounts estimates that  
14 the more than \$700 million in net tax savings that would stay in  
15 Texas could encourage \$590 million in new investments within the  
16 state and an \$874 million increase in the gross state product in  
17 2003; and

18 WHEREAS, As a matter of equity and fairness, Texans and the  
19 citizens of other states that finance their budgets without an  
20 income tax deserve to benefit from federal income tax deductions  
21 comparable to those already enjoyed by the majority of United  
22 States taxpayers; federal legislation that reinstates the  
23 deductibility of state and local sales taxes is currently before  
24 the congress; now, therefore, be it

25 RESOLVED, That the 78th Legislature of the State of Texas  
26 hereby respectfully request the Congress of the United States to  
27 restore the federal income tax deductibility of state and local

1 sales taxes that existed before 1986; and, be it further

2 RESOLVED, That the Texas secretary of state forward official  
3 copies of this resolution to the president of the United States, to  
4 the speaker of the house of representatives and the president of the  
5 senate of the United States Congress, and to all the members of the  
6 Texas delegation to the congress with the request that this  
7 resolution be officially entered in the Congressional Record as a  
8 memorial to the Congress of the United States of America.

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President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.C.R. No. 1 was adopted by the Senate  
on May 6, 2003.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.C.R. No. 1 was adopted by the House  
on May 29, 2003.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor