

By: Estes

S.C.R. No. 1

CONCURRENT RESOLUTION

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

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

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

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

21           WHEREAS, A report published in March 2002 by the Texas  
22 Comptroller of Public Accounts estimated that the inability to  
23 deduct state and local sales taxes could cost Texans more than \$700  
24 million for the 2002 tax year and, if the deductions are not

1 restored, could cost the state more than 16,000 jobs that otherwise  
2 would be created with a lower tax burden and an increase in  
3 disposable family income; and

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

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

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

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

23 RESOLVED, That the 78th Legislature of the State of Texas  
24 hereby respectfully request the Congress of the United States to  
25 restore the federal income tax deductibility of state and local  
26 sales taxes that existed before 1986; and, be it further

27 RESOLVED, That the Texas secretary of state forward official

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