

1-1 By: Estes, et al. S.C.R. No. 1
1-2 (In the Senate - Filed January 9, 2003; February 6, 2003,
1-3 read first time and referred to Committee on Finance;
1-4 April 28, 2003, reported favorably by the following vote: Yeas 14,
1-5 Nays 0; April 28, 2003, sent to printer.)

1-6 SENATE CONCURRENT RESOLUTION

1-7 WHEREAS, The Tax Reform Act of 1986 eliminated the
1-8 deductibility of state and local sales taxes paid by federal income
1-9 tax return filers while it retained the deductibility of state and
1-10 local income taxes; and

1-11 WHEREAS, Although the tax legislation was generally designed
1-12 to simplify the federal income tax, eliminating the deduction for
1-13 payment of state and local sales taxes created a fundamental
1-14 disparity adversely affecting citizens of Texas and eight other
1-15 states that do not levy a personal income tax; and

1-16 WHEREAS, While citizens in the 41 other states continue to
1-17 deduct state and local income taxes, thereby reducing their federal
1-18 income tax liability, taxpayers in Texas and a few other states have
1-19 no corresponding tax deduction to ease their burden; the net effect
1-20 of this imbalance is that Texans and citizens of eight other states
1-21 pay a higher percentage of federal taxes than the majority of
1-22 American taxpayers; and

1-23 WHEREAS, In addition to fostering the inequitable treatment
1-24 of individual taxpayers, this disparity also has worked against the
1-25 states whose tax structure has no general individual income tax and
1-26 relies heavily on sales taxes; and

1-27 WHEREAS, A report published in March, 2002, by the
1-28 Comptroller of Public Accounts of the State of Texas estimated that
1-29 the inability to deduct state and local sales taxes could cost
1-30 Texans more than \$700 million for the 2002 tax year and, if the
1-31 deductions are not restored, could cost the state more than 16,000
1-32 jobs that otherwise would be created with a lower tax burden and an
1-33 increase in disposable family income; and

1-34 WHEREAS, According to the report, reinstating the
1-35 deductibility of state and local sales taxes on federal income tax
1-36 returns could generate substantial benefits for Texas families and
1-37 the state's economy; and

1-38 WHEREAS, A family of four with an income of \$60,000 could get
1-39 an additional federal income tax deduction of \$1,015, and a single
1-40 mother with one child and an income of \$35,000 could deduct an
1-41 additional \$641; and

1-42 WHEREAS, The comptroller of public accounts estimates that
1-43 the more than \$700 million in net tax savings that would stay in
1-44 Texas could encourage \$590 million in new investments within the
1-45 state and an \$874 million increase in the gross state product in
1-46 2003; and

1-47 WHEREAS, As a matter of equity and fairness, Texans and the
1-48 citizens of other states that finance their budgets without an
1-49 income tax deserve to benefit from federal income tax deductions
1-50 comparable to those already enjoyed by the majority of United
1-51 States taxpayers; federal legislation that reinstates the
1-52 deductibility of state and local sales taxes is currently before
1-53 the congress; now, therefore, be it

1-54 RESOLVED, That the 78th Legislature of the State of Texas
1-55 hereby respectfully request the Congress of the United States to
1-56 restore the federal income tax deductibility of state and local
1-57 sales taxes that existed before 1986; and, be it further

1-58 RESOLVED, That the Texas secretary of state forward official
1-59 copies of this resolution to the president of the United States, to
1-60 the speaker of the house of representatives and the president of the
1-61 senate of the United States Congress, and to all the members of the
1-62 Texas delegation to the congress with the request that this
1-63 resolution be officially entered in the Congressional Record as a
1-64 memorial to the Congress of the United States of America.

1-65

* * * * *