



City of Chicago



SR2017-913

Office of the City Clerk

Document Tracking Sheet

Meeting Date: 11/8/2017

Sponsor(s): Burke (14)
Sawyer (6)

Type: Resolution

Title: Call for Illinois delegation in United States Congress to oppose proposals changing state and local tax (SALT) deduction and mortgage interest deduction to Tax Cuts and Jobs Act

Committee(s) Assignment: Committee on Finance

SUBSTITUTE
RESOLUTION

WHEREAS, on November 16, 2017, the “Tax Cuts and Jobs Act,” a massive tax-reform bill that proposes sweeping changes to the current corporate and individual tax system, passed through the United States House of Representatives; and

WHEREAS, the Illinois Republican delegation gathered in Congress voted in full support of the Tax Cuts and Jobs Act; and

WHEREAS, some of the legislation’s key proposals include a new top tax rate and a lower corporate rate, a decrease in the number of tax brackets, an increase in the standard deduction, and a partial repeal of the state and local tax deduction; and

WHEREAS, the state and local tax (SALT) deduction is a benefit that allows taxpayers to deduct those taxes from their federal bill; and

WHEREAS, the SALT deduction has two parts including a deduction for state and local property taxes and a deduction that can be used for either state income taxes or state sales taxes, whichever is higher; and

WHEREAS, eliminating the state and local tax deduction would disproportionately harm individuals who live in states with a high overall state tax burden by raising the federal income tax burden by the value of the tax bill due to the state; and

WHEREAS, some of the largest beneficiaries of the SALT deduction are states with a large population of high-income residents and most of the claimants live in traditionally Democratic states; and

WHEREAS, according to the Tax Foundation, six states including California, New York, New Jersey, Texas, Illinois, and Florida claim more than 50% of the overall property tax deduction; and

WHEREAS, another proposed homeownership change in the bill would limit the mortgage interest deduction to the first \$500,000 of mortgage debt instead of the current \$1 million threshold, and would apply only to newly purchased homes; and

WHEREAS, mortgages over \$500,000 are common in expensive markets in the City and the greater Chicagoland area, and such a change to the mortgage deduction can reduce home values and depress new homeownership by lowering the number of people who may use the deduction; and

WHEREAS, an increase in the overall tax burden on Illinois residents would further constrain households and businesses and discourage economic activity within the state, leading to a potentially disastrous impact on the state’s economy; and

WHEREAS, a higher tax burden may also push Illinois residents to move to states with lower tax rates; and

WHEREAS, according to data from the Internal Revenue Service, 52 congressional districts held by Republicans registered above-average use of the SALT deduction in 2015; and

WHEREAS, on November 16, the Senate Finance Committee approved its tax bill which Republican Senate leaders believe will pass after the Thanksgiving holiday; and

WHEREAS, the Republican tax bill in the United States Senate proposes to permanently decrease the corporate tax to 20 percent from 35 percent, temporarily change individual income tax rates and several deductions, including the elimination of the SALT deduction, and repeal the Affordable Care Act provision requiring most Americans to purchase health insurance or pay a penalty; and

WHEREAS, a congressional analysis found the Senate tax plan would increase taxes for 13.8 million households earning less than \$200,000 in 2019, and further increase taxes for 21.4 million households by 2025; and

WHEREAS, Republican Senator Ron Johnson of Wisconsin has already stated that he will oppose the Senate bill as written, with multiple other Senate Republicans also expressing doubts about the plan including Senators Susan Collins of Maine, Bob Corker of Tennessee, Jeff Flake of Arizona, and John McCain of Arizona; and

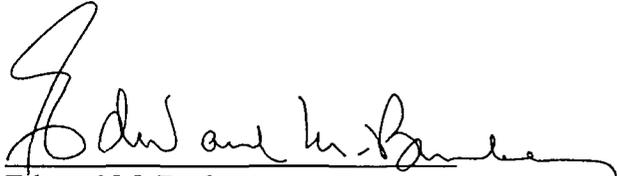
WHEREAS, the GOP holds 52 seats in the Senate and can only see two defections to pass the bill with a simple majority under special budget rules; and

WHEREAS, Illinois Senators Richard Durbin and Tammy Duckworth have publicly announced their opposition to the Senate bill stating that the plan would benefit only the wealthy and corporations, while removing benefits for most Illinois residents; and

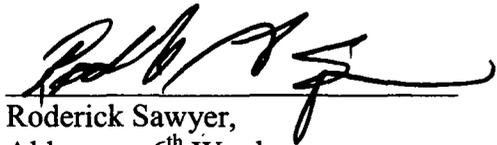
WHEREAS, rather than increasing the tax burden Chicago residents and businesses pay each year, our Illinois delegation gathered in Congress should actively oppose the proposals which promise to disproportionately harm current Illinois residents and businesses, as well as prospective homeowners and businesses looking to call our City and State their home; now, therefore

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHICAGO, that the City Council of the City of Chicago does hereby urge the United States Senators from Illinois, Senator Richard J. Durbin and Senator Tammy Duckworth, to oppose the proposals that lower the corporate tax rate, change the state and local tax (SALT) deduction and the mortgage interest deduction, and repeal Affordable Care Act provisions which numerous Chicago and Illinois homeowners and businesses benefit; and

BE IT FURTHER RESOLVED, that a suitable copy of this resolution be presented to the United States Senators from Illinois.



Edward M. Burke
Alderman, 14th Ward



Roderick Sawyer,
Alderman, 6th Ward

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CHICAGO November 21, 2017

To the President and Members of the City Council:

Your Committee on Finance having had under consideration

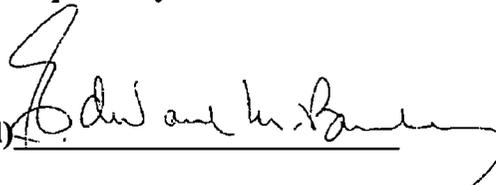
A proposed substitute resolution calling for the United States Senate to oppose proposals that would reduce or eliminate the state and local tax (SALT) deduction and mortgage interest deduction in the Tax Cuts and Jobs Act.

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Having had the same under advisement, begs leave to report and recommend that your Honorable Body pass the proposed Substitute Resolution Transmitted Herewith.

This recommendation was concurred in by _____ (a viva voce vote of members of the committee with _____ dissenting vote(s).

Respectfully submitted

(signed) 

Chairman