Resolution Encouraging Congress to Maintain Local Property Tax Deduction

WHEREAS, state and local property taxes cost the typical American roughly $1,100 annually; and

WHEREAS, 38 states levy separate state and local property taxes, but 96 percent of property tax revenue is collected by local governments to fund government operations; and

WHEREAS, over the past 25 years, local property tax collections have exceeded population and inflation growth by 55 percent; squeezing homeowners and reducing economic growth; and

WHEREAS, dramatically rising property taxes have led many states and local governments to consider a range of reforms to provide tax relief; and

WHEREAS, comprehensive state property tax reform has been slowed by various constitutional provisions, local option requirements, and the fact that state governments do not establish, impose, collect or spend the vast majority of property taxes; and

WHEREAS, federal tax law currently allows homeowners that itemize deductions to deduct local property taxes, which has provided the most broad-based property tax relief; and

WHEREAS, the President’s Advisory Panel on Federal Tax Reform recommended the repeal of the property tax deduction as part of comprehensive tax reform.

THEREFORE BE IT RESOLVED, that the American Legislative Exchange Council (ALEC) encourages Congress to maintain the local property tax deduction in any broad federal tax reform legislation.

THEREFORE BE IT FURTHER RESOLVED, that if any tax or fee replaces a current federally deductible tax that the new fee or tax also be deductible at the federal level.

Adopted by the Tax and Fiscal Policy Task Force at the States and Nation Policy Summit on December 9, 2007. Approved by the ALEC Board of Directors January 8, 2007.