
Finance Committee

HJM 4004

Brief Description: Requesting Congress to restore the federal income tax deduction for state and local sales taxes.

Sponsors: Representatives Nixon, Campbell, Bush, Kessler, Talcott and Simpson.

Brief Summary of Bill

- Asks Congress to restore the itemized deduction for sales taxes.

Hearing Date: 1/24/03

Staff: Rick Peterson (786-7150).

Background:

In 1986 federal tax changes removed the itemized deduction for state and local sales taxes on federal income tax returns. State and local income taxes and property taxes continue to be deductible as itemized deductions.

The Washington Tax Structure Committee estimates that Washington households pay an additional \$500 million in federal income because the sales tax is no longer deductible.

One bill has been introduced in the 108th Congress to restore the itemized deduction for sales taxes. The bill would allow a deduction for sales taxes for residents of state that do not impose an income tax.

Summary of Bill:

Congress is requested to restore the itemized deduction for sales taxes for households in states that do not impose income taxes.

Appropriation: None.

Fiscal Note: Not Requested.