Press Release:

U.S. Senator Dean Heller

**For Immediate Release:** Contact: Stewart Bybee

February 2, 2012 202-224-6244

**Heller Pushes to Protect State and Local Sales Tax Deduction**

**(Washington DC)** – Today U.S. Senator Dean Heller (R-NV) joined a bipartisan effort calling on Senate Majority Leader Harry Reid (D-NV) and Republican Leader Mitch McConnell (R-KY) to extend the state and local sales tax deduction.

“This is an important tax break for Nevada, especially in this tough economic environment. Extending the tax deduction would help ease some of the stress so many middle-class Nevadans are feeling every day,” said Senator Dean Heller.

In the letter, Senator Heller urged Senate and House leadership to help Nevada taxpayers struggling in one of the nation’s most difficult economies to hold on to more of their hard-earned paycheck. Heller, along with thirteen other Senators, argued that the deduction would help stimulate economic growth by drawing in new business, creating jobs, and keeping more money in the state.

**Full text of the letter below**:

February 2, 2012

Senate Majority Leader Harry Reid

522 Hart Senate Office Building

Washington, D.C. 20510

Senate Minority Leader Mitch McConnell

317 Russell Senate Office Building  
Washington, D.C. 20510

Dear Majority Leader Reid and Republican Leader McConnell:

As you know, the deduction for state and local sales taxes expired at the end of 2011 and will therefore not be in effect for the 2012 tax year unless Congress acts. As you’re aware, taxpayers in our states -Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming – benefit from this common-sense deduction. In this time of economic uncertainty, it is especially important to make sure our constituents can utilize consistent, predictable deductions that they can plan around.We urge you to make extending the state and local sales tax deduction a top priority this legislative session.

This issue is a matter of fairness. Taxpayers in states with an income tax can deduct their state and local income taxes from their federal income. Our states have elected to use sales taxes rather than income taxes to finance government services. The ability to deduct state and local sales taxes helps level an uneven playing field. In 2009, the most recent year for which official data is available, taxpayers deducted less than $16 billion in state and local sales taxes, a small fraction compared to the $236 billion in state and local income taxes deducted on federal returns. Taxpayers in our states already bear a disproportionate share of the federal tax burden, which should not be worsened by Congressional failure to extend the state and local sales tax deduction.

For nearly two decades, taxpayers in our states were penalized because the federal tax code did not allow them to deduct state and local sales taxes. This disparity ended in 2004 when Congress successfully restored the deduction as part of the *American Jobs Creation Act*. The deduction helps taxpayers in our states and stimulates economic growth by drawing in new businesses, creating jobs, and keeping more money in the state.

As a tax extenders package is considered in the Senate, we urge you to ensure that our constituents are not losing their hard-earned income because of an unfair section of the tax code, and to help pass an extension of the state and local sales tax deduction as soon as possible. More importantly, we must continue working toward making sure that states without an income tax are permanently afforded the same treatment in the federal tax code as states with an income tax.

We look forward to working with you on this critical issue to our nation’s economy.

Sincerely,

U.S Senator Maria Cantwell

U.S. Senator Marco Rubio

U.S. Senator Bill Nelson

U.S. Senator John Cornyn

U.S. Senator Mike Enzi

U.S. Senator John Thune

U.S. Senator Lamar Alexander

U.S. Senator Kay Bailey Hutchison

U.S. Senator John Barasso

U.S. Senator Mark Begich

U.S. Senator Bob Corker

U.S. Senator Dean Heller

U.S. Senator Tim Johnson

U.S. Senator Lisa Murkowski

Cc:

Senate Finance Committee Chairman Max Baucus

511 Hart Senate Office Building  
Washington, D.C. 20510

Senate Finance Committee Ranking Member Orrin Hatch

104 Hart Senate Office Building  
Washington, D.C. 20510