Floor Remarks
Senator Susan Collins
SALT Deduction Fairness Act
March 17, 2021

This is the time of year when people are calculating their taxes and filing their returns. There are inequities in our tax code, and the bill I'm introducing today, the *SALT Deduction Fairness Act*, would help remedy one of these inequities. This bill would ensure that limits on State and Local Tax deductions, also known as "SALT deductions," do not disproportionately and unfairly penalize married couples.

Currently, the amount of state and local taxes that both single and married filers may deduct from their annual income taxes is capped at $10,000. Single filers and married filers are treated the same. And married people who file their taxes separately are limited to $5,000 each. In other words, people would be better off not getting married when it comes to the SALT deduction. My bill removes this penalty by simply doubling the deduction to $20,000 for married filers.

This is the situation we have now: Two single people can each claim $10,000 worth of state and local income taxes as a deduction on their federal return, but if they get married, they can claim only $10,000 together. This is a classic example of a marriage tax penalty.

When the Senate considered the *Tax Cuts and Jobs Act* in 2017, I worked to keep the SALT deduction in the federal tax code because of the increased tax burden its elimination would have imposed on many Mainers who pay property taxes on their seasonal cottages, as well as their homes, pay annual excise taxes on their vehicles, and are subject to state income taxes. The SALT deduction has been in the tax code since 1913, when the federal income tax was first established. It is intended to protect families from double taxation, from essentially paying a tax on a tax. The Senate adopted my amendment, which paralleled that in the House, to retain the deduction for state and local taxes up to $10,000.

This deduction is especially important to families living in high-tax states like Maine, which has one of our nation's highest state taxes and where many residents own second homes like camps on Maine's beautiful lakes. Last year, an analysis by WalletHub found that Maine had the fourth highest overall tax burden behind only New York, Hawaii, and Vermont.

Yet Maine's median household income ranks only 35th in the nation and is approximately $6,800 below the U.S. median household income. Maintaining this deduction provides important tax relief for those Mainers who continue to itemize their deductions. But we can do better. We can make the SALT deduction fairer by eliminating the marriage penalty that limits a married couple to just $10,000, where if they were not married, they could each claim $10,000.

According to the U.S. Census, there are more than 60 million married couples living in our nation. Our tax codes should be fair to them. We should not create a situation where married couples would have been better off financially in terms of taxes had they not married. One way to accomplish this goal is to double their access to deductions for the state and local taxes they pay, including from property they share, such as their home. This legislation would remedy this double taxation problem and eliminate the marriage tax penalty when it comes to the SALT tax deduction.

It boils down to this: we simply should not be unfairly penalizing American taxpayers for being married. I urge my colleagues to support this common sense bill to fix this marriage tax penalty.