

**Statement of Senator Susan M. Collins
Amendments to Senate Tax Reform Bill
November 30, 2017**

Mr. President, I rise to discuss four amendments that I have introduced to the Tax Cuts and Jobs Act that would strengthen this legislation in ways that are important to our middle-income families. I want to express my thanks to the Majority Leader, my colleagues, and the Administration for working with me on these proposals.

Mr. President, the first amendment would allow taxpayers to deduct up to \$10,000 in state and local property taxes. In recent years more than 95 percent of all those who itemize on their tax forms, and 28 percent of all federal income tax filers, deducted state and local taxes, including property taxes. Yet, the Senate bill would eliminate this deduction altogether.

Mr. President, the deduction for state and local taxes has been part of our tax code since 1913 when the income tax became law. It was intended to prevent a federal tax from being imposed on a state tax. In other words, it prevents double taxation.

This deduction is especially important to the people of Maine. In my state, 166,000 itemizers deducted a total of \$725 million in property taxes on their federal income tax returns. This amendment would allow the vast majority of Mainers who itemize to continue to fully deduct their property taxes.

Improving the bill in this way—by preserving the property tax deduction up to \$10,000—is crucial for middle-income taxpayers across the United States. In fact, for filers earning less than \$75,000 who itemize, the state and local property tax deduction is typically larger than the state and local income tax deduction.

While I would prefer allowing the deduction of both state and local income and property taxes, the benefits of the property tax deduction are particularly important to middle-income families with less than \$75,000 in income. In addition, by allowing the deduction of up to \$10,000 in property taxes, my amendment parallels the provision that has been included in the House version of the tax bill.

Mr. President, my second amendment would strike a provision that could lessen the retirement benefits of church, charity, school, and government employees, including firefighters, police officers, and teachers. I appreciate very much that my colleague from Ohio, Senator Portman, has cosponsored this amendment.

Mr. President, we are in the midst of a retirement crisis in this country. According to the non-partisan Center for Retirement Research, there is a \$7.7 trillion gap between the savings that American households need to maintain their standard of living in retirement and what they actually have. As Americans are living longer, seniors are in danger of outliving their savings or of no longer being able to enjoy the comfortable retirement they once had envisioned. We must do everything we can to encourage people to save more for retirement, not less.

Employees of churches, charities, schools, and local governments are generally paid less than their counterparts who are working for for-profit businesses and thus they are less able to save for their retirement, especially early in their careers. Accordingly, there are special “catch-up” rules that allow these employees to contribute additional amounts near the end of their careers when they are likely to have higher salaries.

There is also a special rule that permits churches, charities, and public educational institutions to make contributions for employees after they retire, so as to make up for the shortfalls in the employees’ retirement savings during their working years.

Regrettably, as drafted, the Senate bill would hurt many church, charity, school, and government workers by eliminating these critical tax rules, including the ability to make these catch-up and make-up contributions to retirement accounts. Striking this provision, as my amendment would do, would ensure that those employees who serve the public achieve greater retirement security.

My third amendment, Mr. President, would improve the Child and Dependent Care Tax Credit by making it refundable, thus providing much-needed assistance to low-income working families. Making this credit refundable would help many families afford high-quality child care or adult day care for older parents or other relatives who can no longer care for themselves.

Working families are increasingly faced with difficult decisions when it comes to balancing care and work, with some concluding that the steep cost of care serves as a barrier to working more – or working at all.

Nearly 15 million children in America under the age of six have working parents. These parents, particularly single parents, often struggle to find affordable, quality day care that ensures that they can continue to work while having the peace of mind that their children or their elderly parents are well cared for.

Congress should make this tax credit refundable, meaning that families who have no federal income tax liability, but pay other taxes, will also benefit. Since it is not currently refundable, most low- and some middle-income, taxpaying families are unable to take advantage of the child care tax credit.

In fact Mr. President, according to the Tax Policy Center, almost no families in the bottom income quintile have been able to claim that credit. Think about that, Mr. President. These are the lowest-income families who need help the most in paying for child care or care for a dependent elderly parent or grandparent or other relative. And yet, virtually none of them qualify for the credit. None of them are able to claim the credit.

To pay for making the child and adult dependent care credit refundable, my amendment would close the carried interest loophole, a tax reform that the President has endorsed.

Finally Mr. President, high medical expenses are continuing to burden many American consumers, yet due to a highly unfortunate provision in the Affordable Care Act, consumers can

deduct medical expenses only if they exceed 10 percent of their income. That threshold used to be 7.5 percent, and my amendment would return the threshold to that level to help taxpayers, and particularly seniors, who are struggling with the cost of long-term care for a loved one. Just this past week when I was in Maine, an elderly gentleman stopped me in the grocery store to tell me that he simply cannot afford long term care for his beloved wife given the change in this threshold.

For those who suffer from chronic medical conditions, experience unexpected illnesses or injuries, or find that long-term care services are a necessity but are not covered by insurance or Medicare, health care expenses can quickly become an unbearable burden. Many Americans are forced to choose between purchasing medical services and making other equally necessary expenditures.

Since World War II, the medical expense deduction has provided much-needed assistance to Americans with catastrophic medical expenses. We should reverse this ill-advised provision of the Affordable Care Act and reinstate the ability of those hard-pressed by high medical costs to deduct expenses in excess of 7.5 percent of their income.

Mr. President, I believe that all four of these amendments would strengthen this legislation in critical ways and make it more beneficial for middle-income Americans.