How the Dispute Over a SALT Cap Repeal is Becoming an "Economic Civil War"

- New York lawmakers sent a letter to the House Speaker saying, "No SALT, no deal." They communicated that they will not support President Biden's infrastructure agenda unless it includes a repeal of the $10,000 SALT cap.
- Recent criticism focuses on the fact that the SALT deduction largely benefits high earners. The criticism is true, as the SALT deduction does mostly benefit high earners in high tax states.
- Lawmakers such as New York Governor Andrew Cuomo and Congressman Thomas Suozzi (D-NY) have argued the remote work and migration trends could drive high earners out of New York. This would effectively end up creating a tax hike on those remaining or result in cuts to services.
- Migration is occurring, but there is not enough evidence to suggest that tax policy is enough to stop or even slow it. Even if SALT is repealed, it is possible these migration patterns continue.
- We expect that if the $10,000 SALT cap is repealed, it is high earners in high tax states who would come out on top in what Gov. Cuomo calls an "Economic Civil War."

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