

Chair Ann Cummings  
Senate Committee on Finance  
Vermont State House  
115 State Street  
Montpelier, VT 05633-5301

CC: Members of the Senate Committee on Finance

February 7, 2023

Chair Cummings,

We, the undersigned organizations, write to ask you to ensure that the House will take the opportunity to enact a State and Local Tax (SALT) cap workaround as outlined in **S.45, an act relating to an elective pass-through entity income tax and credit**. This is a unique opportunity to retain millions in excess taxes we are currently sending to Washington D.C., as part of the legacy of the Trump presidency.

SALT was capped as a punitive measure to hurt blue states, such as Vermont, in the 2017 Tax Cuts and Jobs Act. Since then, a continually growing list of **29 other states** have enacted an IRS-blessed SALT cap workaround to rebuff this partisan, politically charged policy. Vermont is sending millions in tax dollars to Washington that these other states aren't, putting us at a competitive disadvantage. We hope you will lead Vermont to join that list of other states in passing this provision supported by our Department of Taxes.

*As an added bonus, the mechanics of this workaround allow the state to collect a portion of what is saved, resulting in millions in new revenue for the state.*

In any other area of government, our strategy is to draw down as much federal money as possible and not send money to the federal government when we don't have to; we feel strongly that this situation is no different. The money we are sending to the federal government could be staying here in Vermont and being put to work to help Vermonters. As we see growing inflation, this provision can help small business owners across the state keep their prices down by covering some of their margins or being put to work for capital investment. This is free economic development funding.

Conservatives in Washington D.C. have prevented a legislative fix to this issue, and last year the Supreme Court refused to hear an attempted challenge to the cap brought by New York and New Jersey. Given the lack of federal action on this issue, Vermont

should act to retain dollars in-state where we can by enacting this workaround proposed in S.45..

Sincerely,

Lake Champlain Chamber

Vermont Association of Wedding Professionals

Vermont Society of Certified Public Accountants

Vermont Chamber of Commerce

Vermont Businesses for Social Responsibility

Vermont Builders and Remodelers Association

Vermont Technology Alliance

Vermont Professionals of Color Network

Renewable Energy Vermont

Vermont Retail and Grocers Association

Associated General Contractors of Vermont

Vermont Lodging Association

National Federation of Independent Business/VT

Heating and Cooling Contractors of Vermont

Vermont Fuel Dealers Association

Vermont Vehicle and Automotive Distributors Association

*Regional Development Corporations of Vermont*

Addison County Economic Development Corporation

Bennington County Regional Commission

Brattleboro Development Credit Corp

Central Vermont Economic Development Corporation

Chamber and Economic Development of the Rutland Region

Franklin County Industrial Development Corporation

Greater Burlington Industrial Corporation

Green Mountain Economic Development Corporation

Lake Champlain Islands Economic Development Corporation

Lamoille Economic Development Corporation

Northeastern VT Development Association

Springfield Regional Development Corporation