

SENATE CONCURRENT RESOLUTION

1
2 WHEREAS, The Tax Reform Act of 1986 eliminated the
3 deductibility of state and local sales taxes paid by federal income
4 tax return filers while it retained the deductibility of state and
5 local income taxes; and

6 WHEREAS, Although the tax legislation was generally designed
7 to simplify the federal income tax, eliminating the deduction for
8 payment of state and local sales taxes created a fundamental
9 disparity adversely affecting citizens of Texas and eight other
10 states that do not levy a personal income tax; and

11 WHEREAS, While citizens in the 41 other states continue to
12 deduct state and local income taxes, thereby reducing their federal
13 income tax liability, taxpayers in Texas and a few other states have
14 no corresponding tax deduction to ease their burden; the net effect
15 of this imbalance is that Texans and citizens of eight other states
16 pay a higher percentage of federal taxes than the majority of
17 American taxpayers; and

18 WHEREAS, In addition to fostering the inequitable treatment
19 of individual taxpayers, this disparity also has worked against the
20 states whose tax structure has no general individual income tax and
21 relies heavily on sales taxes; and

22 WHEREAS, A report published in March, 2002, by the
23 Comptroller of Public Accounts of the State of Texas estimated that
24 the inability to deduct state and local sales taxes could cost

1 Texans more than \$700 million for the 2002 tax year and, if the
2 deductions are not restored, could cost the state more than 16,000
3 jobs that otherwise would be created with a lower tax burden and an
4 increase in disposable family income; and

5 WHEREAS, According to the report, reinstating the
6 deductibility of state and local sales taxes on federal income tax
7 returns could generate substantial benefits for Texas families and
8 the state's economy; and

9 WHEREAS, A family of four with an income of \$60,000 could get
10 an additional federal income tax deduction of \$1,015, and a single
11 mother with one child and an income of \$35,000 could deduct an
12 additional \$641; and

13 WHEREAS, The comptroller of public accounts estimates that
14 the more than \$700 million in net tax savings that would stay in
15 Texas could encourage \$590 million in new investments within the
16 state and an \$874 million increase in the gross state product in
17 2003; and

18 WHEREAS, As a matter of equity and fairness, Texans and the
19 citizens of other states that finance their budgets without an
20 income tax deserve to benefit from federal income tax deductions
21 comparable to those already enjoyed by the majority of United
22 States taxpayers; federal legislation that reinstates the
23 deductibility of state and local sales taxes is currently before
24 the congress; now, therefore, be it

25 RESOLVED, That the 78th Legislature of the State of Texas
26 hereby respectfully request the Congress of the United States to
27 restore the federal income tax deductibility of state and local

1 sales taxes that existed before 1986; and, be it further
 2 RESOLVED, That the Texas secretary of state forward official
 3 copies of this resolution to the president of the United States, to
 4 the speaker of the house of representatives and the president of the
 5 senate of the United States Congress, and to all the members of the
 6 Texas delegation to the congress with the request that this
 7 resolution be officially entered in the Congressional Record as a
 8 memorial to the Congress of the United States of America.

David Dewhurst
 President of the Senate

Tom Craddick
 Speaker of the House

I hereby certify that S.C.R. No. 1 was adopted by the Senate
 on May 6, 2003. _____

Ratay Saw
 Secretary of the Senate

I hereby certify that S.C.R. No. 1 was adopted by the House
 on May 29, 2003. _____

Robert Haney
 Chief Clerk of the House

Approved:

21 JUN 03

Date

Rick Perry
 Governor

FILED IN THE OFFICE OF THE
 SECRETARY OF STATE
 4:30pm O'CLOCK

JUN 22 2003
Ann Shea
 Secretary of State