

August XX, 2017

The Honorable XX  
United States House of Representatives  
XX House Office Building  
Washington, D.C. 20515

Dear Congressman XX:

Municipal leaders agree that the federal tax code is in need of reform, including both the individual and business sections of the tax code, to address the rising federal deficit and to promote jobs and economic growth. Since the last major reform in 1986, the code has grown in complexity and the confusion this complexity can cause is limiting state and local governments' ability to efficiently provide the services citizens need most.

As Congress works to develop a tax reform proposal, we want to share with you key local government principles for consideration. Most important, any reform must maintain well-established federal, state and local partnerships embodied in the principle of federalism. (City name) opposes any preemption by Congress or the federal government of local taxing authority. We urge Congress to preserve the tax-exempt status of municipal bonds and the state and local tax deduction.

In (city xx), (% of residents that take the SALT deduction and for \$ amount; find it here - <http://www.gfoa.org/salt>). This deduction allows local governments the flexibility to raise revenue for vital programs such as schools, health and public safety. With the loss of deductibility, tax payers would demand immediate action to lower state and local taxes, resulting in a budget shortfall and making the task of providing vital services to citizens even more difficult.

Cities cannot afford a federal cost shift onto state and local governments. We work within a balanced budget system, fiscal responsibility is expected and delivered. Daily, our leaders are tasked with providing vital goods and services to the citizens they serve. With limited resources and funds, small changes in the intergovernmental balance between entities can have dire fiscal consequences for local government. Any effort to offset tax revenue lost on the back of municipal governments should be rejected.

Sincerely,

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