

# Why a \$10,000 Deduction Is Blocking the G.O.P.'s \$3.8 Trillion Tax Bill

*House Republicans, mostly from New York, have gone to war with party leadership over their push to raise or abolish the \$10,000 cap on the so-called SALT deduction.*

**By Benjamin Oreskes**  
**New York Times**

A year ago, as New York Democratic groups strategized about how to connect with voters in an up-for-grabs [special House election on Long Island](#), they expected Israel to be a major talking point and prepared accordingly.

But all voters wanted to talk about was their high tax bills.

The pivot came quickly. Gabby Seay, a Democratic organizer, recalled how canvassers were given talking points about how the Democratic candidate, [Tom Suozzi](#), supported lifting a \$10,000 cap on SALT deductions — the amount of state and local taxes that can be written off on federal tax returns.

“Most voters cannot talk about taxes with sophistication because it’s complicated,” she said. “But not SALT. It is part of the ethos of Long Island and the suburbs writ large. Voters remember when you take money out of their pockets.”

The SALT deduction has become an [outsize stumbling block](#) for Republicans trying to pass a \$3.8 trillion tax proposal that would extend President Trump’s 2017 tax cuts and roll back subsidies for clean energy, among other things.

A group of Republican House members, mostly from New York, New Jersey and California, have vowed to vote no on the package unless the cap, which helped pay for the 2017 cuts and expires this year, is raised or abolished. And even among the holdouts, there is dissension — something that drew attention on [Tuesday night](#) during a Republican caucus meeting with Speaker Mike Johnson.

Some of the New York congressmen representing suburban districts, including Representatives Mike Lawler, Nick LaLota and Andrew Garbarino, asked that their colleague, Nicole Malliotakis, leave the meeting. Ms. Malliotakis represents a New York City district and supports raising the cap to \$30,000; her colleagues want it abolished or raised significantly further.

Hours later, the House Ways and Means Committee approved a measure early Wednesday morning to raise the cap to \$30,000. Mr. Johnson said the issue had not been resolved, and talks were expected to run into the weekend.

“I do understand my colleagues’ frustration,” Ms. Malliotakis said on Wednesday. “I do understand that their districts are a bit different than mine,” she said, adding that she expected the cap could be raised in the coming days. “Property taxes in Long Island and Westchester are much higher than in my district.”

The issue is precarious for these Republicans, especially Mr. Lawler, who represents parts of Rockland and Westchester Counties and is considering a run for governor next year. He and most of the others represent districts where registered Democrats outnumber Republicans, but they have embraced President Trump and much of the MAGA movement.

At the same time, the SALT issue seems to cross party lines, and New Yorkers may seek to blame officeholders if they fail to deliver sufficient relief to voters who pay some of the highest local and school taxes in the country.

Polling in one of these competitive New York congressional districts showed that 72 percent of voters were more likely to back a candidate who supported legislation “to restore the ability for New York taxpayers to deduct state and local taxes on their federal tax return.”

“It is a very salient issue that matters to people all across the spectrum,” Mr. Lawler said.

“It’s a question of double taxation and fairness,” he added. “Folks should not be penalized because they live in a high-tax state.”

Mr. Lawler previously supported [raising](#) the cap to \$100,000 for single filers and \$200,000 for married couples. Raising the cap to \$20,000 for individuals or \$40,000 for couples would cost the federal government about \$600 billion in lost tax revenue over the next decade, [according](#) to the Tax Policy Center.

The tax bill House Republicans rolled out this week set a new, \$30,000 cap on the deduction, with the limit shrinking for people making more than \$400,000 per year. Several Republicans quickly rejected the offer, insisting that the House amend the bill to raise the cap even further, with the group at one point floating a cap as high as \$124,000 for married couples.

The standoff is critical for House Republican leadership. They can afford to lose only three votes and still pass the sprawling fiscal package, but a group of six House Republicans have so far insisted on a higher cap. At \$3.8 trillion, the cost of the tax cut could still grow before running into the House’s self-imposed ceiling of \$4 trillion.

“We were pleased to see the reporting on the current Ways and Means bill, and they have a couple hundred billion dollars in room,” Mr. LaLota told reporters on Tuesday after the meeting with Speaker Johnson, Republican of Louisiana.

Interviews with nearly two dozen residents of New York and New Jersey underscored the core argument of their Republican lawmakers: The value of their homes and the corresponding tax bills have quickly outpaced their middle-class salaries.

Sean O'Connor, a police officer with the Orangetown Police Department and a Rockland County native, estimated that he paid about \$20,000 a year in school and property taxes. His wife, a teacher in the local school district, is from Long Island, and he joked that they needed a loan to cover the costs of driving to visit their family each month.

"I wonder often how my kids will be able to stay here. It's just the cost. I don't know," he said. "How are my kids going to afford homes around here? What will the taxes be?"

Because of the region's high costs, Michelle Urso, 70, and her husband were preparing to leave West Babylon on Long Island for a suburb of Charlotte, N.C. They stayed only because their daughter, who lives nearby, became pregnant and Ms. Urso feared being "relegated to second-favorite grandma."

Ms. Urso, a retired nurse, said her family lost out on thousands of dollars in deductions after the 2017 change and continues to feel squeezed by the rising costs of essentials. Her husband is a Republican, and she is a Democrat. But they both agree the cap needs to be lifted or raised considerably.

"People think everyone on Long Island is rolling in dough, but we are not," she said. "We pay our bills, and we can go out to dinner or on an occasional vacation. But when I am going to the grocery store I look for items on sale."

Ms. Urso added that she had recently called the district office of her representative, Mr. Garbarino, to applaud his opposition to the cap.

Matt Cohen, chief executive of the Long Island Association, [described a recent event](#) his organization hosted at which Long Island's four House members — two Democrats and two Republicans — all said they wanted the cap repealed in some form. The deductions have historically softened the blow of high housing costs and allowed teachers and other middle-class workers to maintain a foothold in the community, he said.

"It is a problem nationally, but nowhere is more acute than here when it comes to affordability issues," Mr. Cohen said. "This deduction was one of the great equalizers to reduce the tax burden for Long Islanders."

Even with the cap, New York had the country's highest average SALT deduction in the 2022 tax year, according to an [analysis](#) of I.R.S. tax data by the National Association of Realtors. In Mr. LaLota's district, for example, about 47 percent of taxpayers took the deduction in the 2017 tax year, compared with just 16 percent in 2022. Over the same period, the average deduction taken by taxpayers in the district dropped by about \$10,000. A similar trend played out in Mr. Garbarino's and Mr. Lawler's districts.

Both Ms. Malliotakis and Mr. LaLota were quick to blame local elected officials like Gov. Kathy Hochul, a Democrat, for the state's high taxes and spending. Ms. Hochul's [recently passed state budget](#) included billions in funding for tax cuts, school aid and other efforts to tackle affordability in the state.

"Governors like mine don't help at all when they continue to tax and overregulate," Mr. LaLota said in an interview. "Nevertheless, New York is a donor state that sends way more to Washington than we get back. SALT is something that make that issue a little more digestible for voters."

*Andrew Duehren and Michael Gold contributed reporting from Washington.*