

116TH CONGRESS
1ST SESSION

S. 437

To amend the Internal Revenue Code of 1986 to repeal the dollar limitation on the deduction for State and local taxes and restore the 39.6 percent individual income tax rate bracket.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 11, 2019

Mr. MENENDEZ (for himself, Mr. SCHUMER, Mr. WYDEN, Mr. DURBIN, Mrs. MURRAY, Mr. BOOKER, Mr. CARDIN, Ms. HARRIS, Mr. VAN HOLLEN, Mrs. FEINSTEIN, Mrs. GILLIBRAND, Ms. DUCKWORTH, Mr. BLUMENTHAL, and Mr. MURPHY) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to repeal the dollar limitation on the deduction for State and local taxes and restore the 39.6 percent individual income tax rate bracket.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Stop the Attack on
5 Local Taxpayers Act” or the “SALT Act”.

1 **SEC. 2. REPEAL OF DOLLAR LIMITATION ON DEDUCTION**
 2 **FOR STATE AND LOCAL TAXES.**

3 (a) IN GENERAL.—Section 164(b)(6) of the Internal
 4 Revenue Code of 1986 is amended by striking all that fol-
 5 lows “January 1, 2026” and inserting “, foreign real prop-
 6 erty taxes (other than such taxes paid or accrued in car-
 7 rying on a trade or business or an activity described in
 8 section 212) shall not be taken into account under sub-
 9 section (a)(1).”.

10 (b) EFFECTIVE DATE.—The amendment made by
 11 this section shall apply to taxable years beginning after
 12 December 31, 2018.

13 **SEC. 3. RESTORATION OF 39.6 PERCENT RATE BRACKET**
 14 **FOR INDIVIDUALS.**

15 (a) IN GENERAL.—

16 (1) MARRIED FILING JOINTLY AND SURVIVING
 17 SPOUSES.—The table contained in section 1(j)(2)(A)
 18 of the Internal Revenue Code of 1986 is amended by
 19 striking “Over \$400,000” and all that follows and
 20 inserting the following:

“Over \$400,000 but not over	\$91,379, plus 35% of the excess over
\$470,700.	\$400,000.
Over \$470,700	\$116,124, plus 39.6% of the excess
	over \$470,700.”.

21 (2) HEADS OF HOUSEHOLDS.—The table con-
 22 tained in section 1(j)(2)(B) of such Code is amended

1 by striking “Over \$200,000” and all that follows
 2 and inserting the following:

“Over \$200,000 but not over	\$44,298, plus 35% of the excess over
\$418,400.	\$200,000.
Over \$418,400	\$120,738, plus 39.6% of the excess
	over \$418,400.”.

3 (3) UNMARRIED INDIVIDUALS.—The table con-
 4 tained in section 1(j)(2)(C) of such Code is amended
 5 by striking “Over \$200,000” and all that follows
 6 and inserting the following:

“Over \$200,000 but not over	\$45,689.50, plus 35% of the excess
\$418,400.	over \$200,000.
Over \$418,400	\$122,129.50, plus 39.6% of the ex-
	cess over \$418,400.”.

7 (4) MARRIED FILING SEPARATELY.—The table
 8 contained in section 1(j)(2)(D) of such Code is
 9 amended by striking “Over \$200,000” and all that
 10 follows and inserting the following:

“Over \$200,000 but not over	\$45,689.50, plus 35% of the excess
\$235,350.	over \$200,000.
Over \$235,350	\$58,062.50, plus 39.6% of the excess
	over \$235,350.”.

11 (b) INFLATION ADJUSTMENTS TO 39.6 PERCENT
 12 RATE.—

13 (1) IN GENERAL.—Section 1(j)(3)(A) of the In-
 14 ternal Revenue Code of 1986 is amended by insert-
 15 ing “(before January 1, 2020, in the case of so
 16 much of such tables as relates to amounts to which
 17 the 39.6 percent rate applies)” after “January 1,
 18 2019”.

1 (2) ADJUSTMENT RULES.—Section 1(j)(3)(B)
 2 of such Code is amended—

3 (A) in the matter preceding clause (i), by
 4 inserting “(December 31, 2019, in the case of
 5 so much of such tables as relates to amounts to
 6 which the 39.6 percent rate applies)” after
 7 “December 31, 2018”,

8 (B) in clause (i), by inserting “except as
 9 provided in clause (iv),” before “subsection
 10 (f)(3) shall”, and

11 (C) by striking “and” at the end of clause
 12 (ii), by striking the period at the end of clause
 13 (iii) and inserting “, and”, and by adding at the
 14 end the following new clause:

15 “(iv) in the case of so much of such
 16 tables as relates to amounts to which the
 17 39.6 percent rate applies, subsection (f)(3)
 18 shall be applied by substituting ‘calendar
 19 year 2018’ for ‘calendar year 2016’ in sub-
 20 paragraph (A)(ii) thereof.”.

21 (c) EFFECTIVE DATE.—The amendments made by
 22 this section shall apply to taxable years beginning after
 23 December 31, 2018.

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