

June 12, 2025

The Honorable Members of the United States Senate
Washington, D.C. 20510

Dear Senators,

As a dedicated advocate for small business taxpayers and tax professionals across the country, and on behalf of the members of the National Association of Tax Professionals, I am writing to express strong support for preserving the federal deduction for State and Local Taxes (SALT). I urge you to carefully consider the disproportionate harm the proposed limitations in the *One Big Beautiful Bill* would impose on America's small businesses. Curtailing the SALT deduction would significantly increase the tax burden on these vital enterprises, undermining their ability to grow and contribute to their local economies.

A Threat to Small Business Resilience

The current proposal to limit or repeal the SALT deduction threatens to significantly increase the tax burden on pass-through entities, sole proprietors and family-run businesses, the very economic engines that sustain our local communities and national economy. These businesses typically report earnings on individual tax returns, making the SALT deduction vital to mitigating double taxation on income already subject to state and local levies.

Eliminating or restricting this deduction would reduce after-tax earnings and hinder reinvestment capacity, job creation and long-term growth for Main Street businesses.

Equity and Clarity in Tax Policy

Removing the SALT deduction would unfairly disadvantage taxpayers in high-tax jurisdictions, especially entrepreneurs and owners of pass-through entities who lack the scale, liquidity or tax planning leverage of large corporations.

Moreover, existing workaround structures, such as pass-through entity-level tax elections adopted by over 30 states, have introduced complexity and inconsistency. Further limitation of the SALT deduction at the federal level exacerbates this patchwork and diminishes compliance clarity for small businesses already navigating a challenging tax landscape.



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Upholding Economic Fairness and Competitiveness

The removal of the SALT deduction does not serve the cause of simplification or fairness. Instead, it penalizes success and disincentivizes entrepreneurship, particularly in states with robust state-local funding responsibilities. In contrast, a fully restored and permanent SALT deduction would provide predictability, spur reinvestment and affirm the role of small businesses as pillars of local economies.

Conclusion

We respectfully urge the Senate to consider the concerns of the tax practitioner community. Limiting the SALT deduction, especially within a package as comprehensive as the *One Big Beautiful Bill*, risks undermining the entrepreneurial spirit and economic viability of small businesses nationwide.

Thank you for your attention to this crucial matter.

Sincerely,

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