



**EXECUTIVE OFFICE OF THE PRESIDENT**  
**OFFICE OF MANAGEMENT AND BUDGET**  
WASHINGTON, D.C. 20503

December 18, 2019  
(House)

## **STATEMENT OF ADMINISTRATION POLICY**

### **H.R. 5377 - Restoring Tax Fairness for States and Localities Act**

(Rep. Suozzi, D-NY, and 52 cosponsors)

The Administration strongly opposes House passage of H.R. 5377, the Restoring Tax Fairness for States and Localities Act. This legislation would unfairly force all Federal taxpayers to subsidize a tax break for the wealthy, as well as excessive government spending by fiscally irresponsible States. H.R. 5377 would likely cause State and local governments to raise taxes, all while hindering the growth of small businesses and opportunities for workers.

The Tax Cuts and Jobs Act of 2017 (TCJA), which passed Congress without a single Democrat vote, is a signature achievement of the Trump Administration. This bill, which President Donald J. Trump signed into law on December 22, 2017, has spurred economic growth across the Nation by lowering individual tax rates, nearly doubling the standard deduction, simplifying the tax code, and closing special interest loopholes. Workers and middle-class Americans are reaping the benefits of the TCJA in the form of record low unemployment and substantially higher wages. H.R. 5377 would turn back the clock by adding a special interest provision back into the Federal tax code that unfairly requires middle-class Americans to subsidize fiscally irresponsible States and wealthy taxpayers. In doing so, H.R. 5377 would violate the principle that States should raise their own revenue rather than rely on tax subsidies from the Federal Government. The bill would also reduce incentives for States to be fiscally responsible.

Additionally, the provision in H.R. 5377 that would raise the top income tax rate from 37 percent to 39.6 percent would stifle economic growth by placing an undue burden on thousands of small businesses. Because it is unfair to middle-class taxpayers, encourages excessive spending by States, and would stunt economic growth, H.R. 5377 is poor tax policy that should not be enacted into law.

If H.R. 5377 were presented to the President, his senior advisors would recommend that he veto the bill.

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