

United States Senate

WASHINGTON, DC 20510

November 7th, 2007

The Honorable Max Baucus
Chairman
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Charles Grassley
Ranking Member
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Baucus and Ranking Member Grassley:

As you are aware, last week the House Ways and Means Committee passed a tax package that included property tax relief for millions of middle class homeowners. The legislation, HR. 3996, would create a new, standard deduction for real property taxes for homeowners who do not currently itemize their deductions. We support this proposal and feel strongly that Congress should enact property tax relief this year.

Middle class taxpayers are working harder than ever to meet their financial commitments and sky-rocketing property taxes have not made that any easier. While taxpayers who do not itemize their deductions may claim the standard federal tax deduction, this deduction does not adequately take into account rising property tax values and increases. Based on Census data, the total amount of state and local property taxes paid in the United States increased by 50 percent from 2000 to 2006. Over the same period of time, inflation increased by only 17 percent. Over that time, median household income actually dropped by 2 percent.

A new, standard deduction for property taxes would provide relief to the more than 32 million homeowners who do not itemize their deductions. With homeownership threatened in many communities around the country, middle class families should not be penalized simply because they do not itemize. By treating itemizers and non-itemizers more equitably, we will restore a measure of fairness to the tax code and provide needed relief to the middle class.

While we recognize that property taxes are primarily a state and local issue, this does not mean that Congress should not do what it can help ease the burden for taxpayers. We are encouraged that Chairman Baucus and others have advocated for the creation of such a deduction in the past and request that homeowner tax relief be included in the Finance Committee's tax extenders package now under consideration.

If your staff has any questions, please have them contact Jonathan Stahler (Bayh) at 224-5623 or Jenn Gallagher (Martinez) 228-6154.



Senator Evan Bayh



Senator Mel Martinez

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