

Federal and State Tax Developments to Watch

**Presented at the Multistate Tax Commission's
Uniformity Committee Meeting**

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About ITEP

The Institute on Taxation and Economic Policy (ITEP)

- Non-profit, non-partisan
- Federal, state, and local tax policy issues
- Research and data focused
- ITEP Microsimulation Tax Model

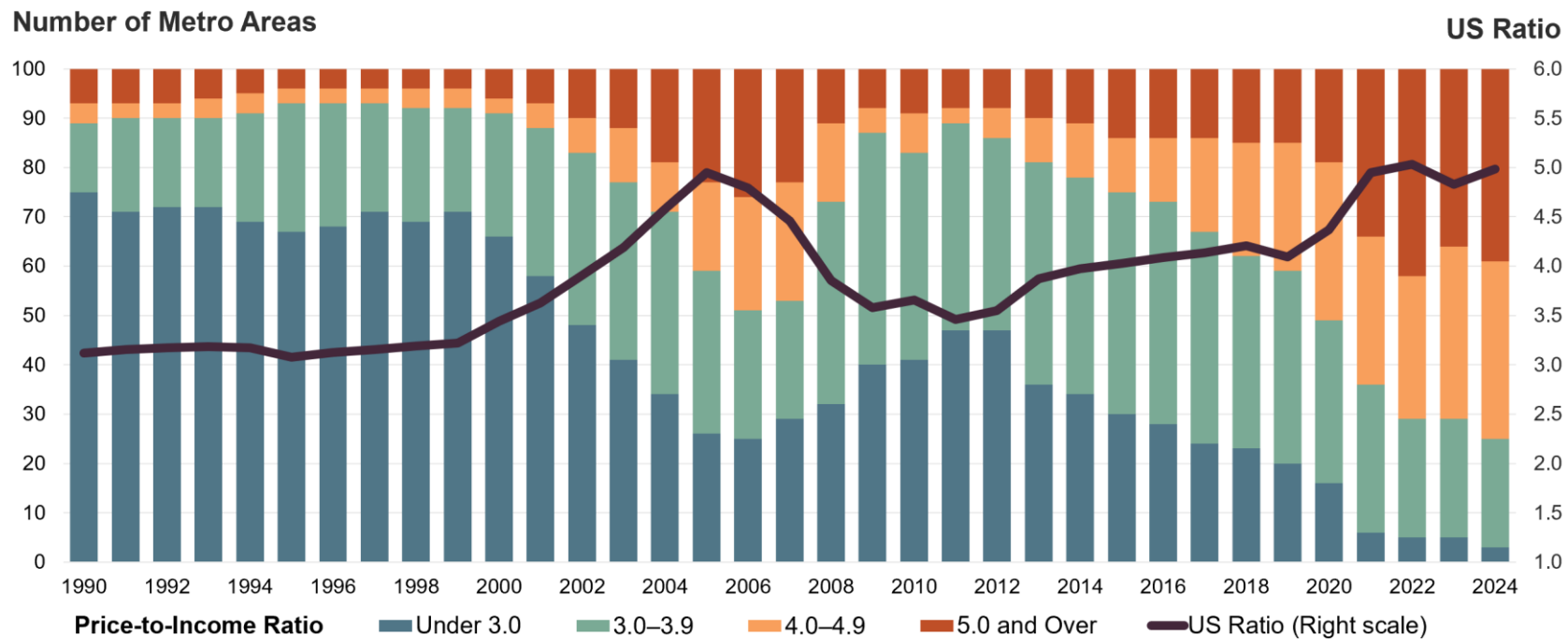


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**Things to
Watch in
Tax Policy**

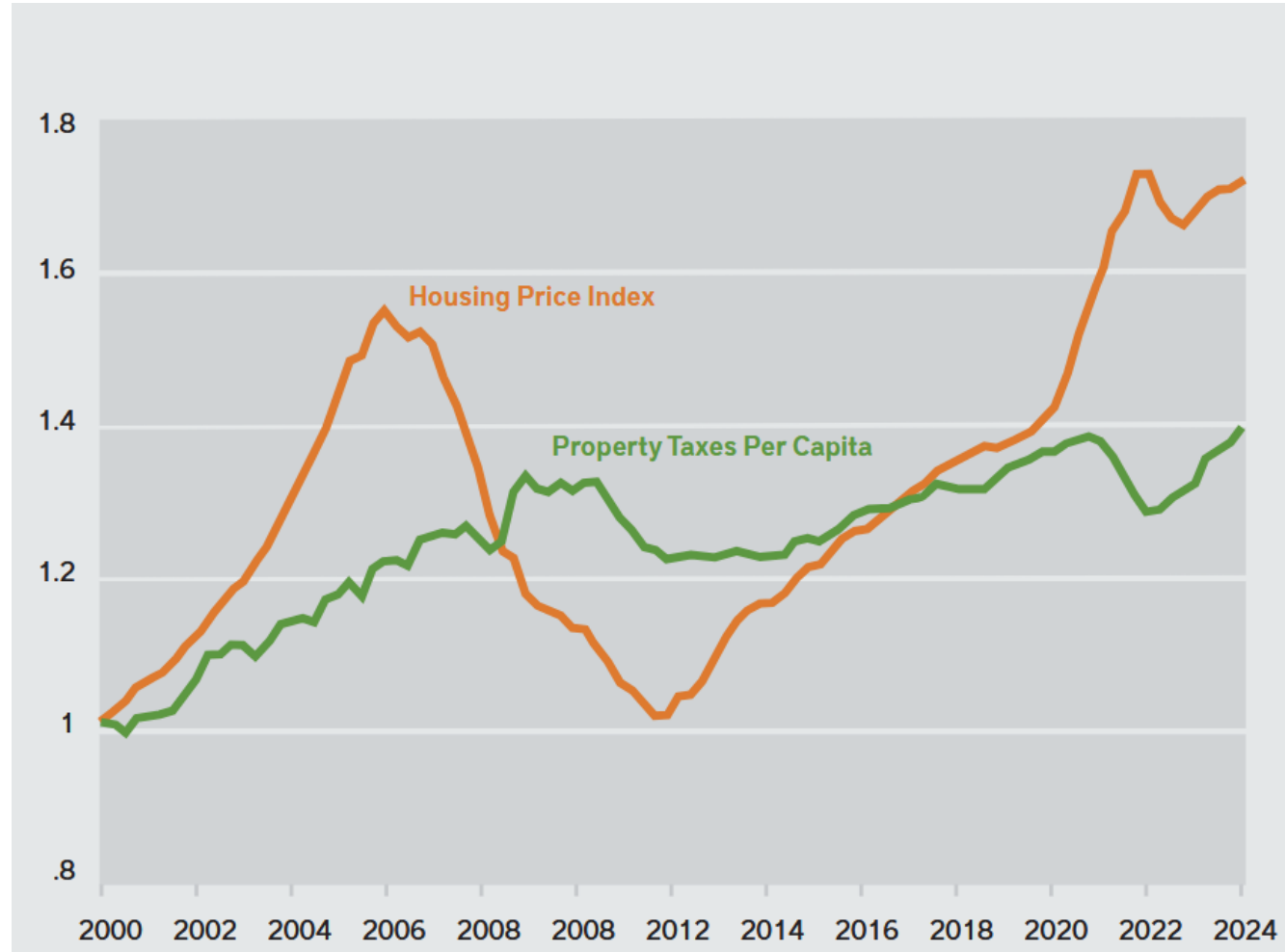
10. Housing Tax Breaks

Figure 2: Home Prices Are Historically High Relative to Incomes



Notes: Price-to-income ratios are for the 100 largest metro areas by population. Income data for 2024 are based on Moody's Analytics forecasts.
Source: JCHS tabulations of National Association of Realtors, Metropolitan Median Area Prices; Moody's Analytics estimates.

9. Property Tax Cuts



Source: Lincoln Institute of Land Policy

8. Tax Credit Restrictions for Non-Citizens

Targeting lawfully present immigrants with work-authorized SSNS, such as:

- DACA recipients (Dreamers)
- Asylum applicants
- Survivors of serious crimes with U visas
- People with Temporary Protected Status

7. State Gas Tax Holidays



Working-class and middle-class resident drivers



Motor fuel industry



Out-of-state trucking companies

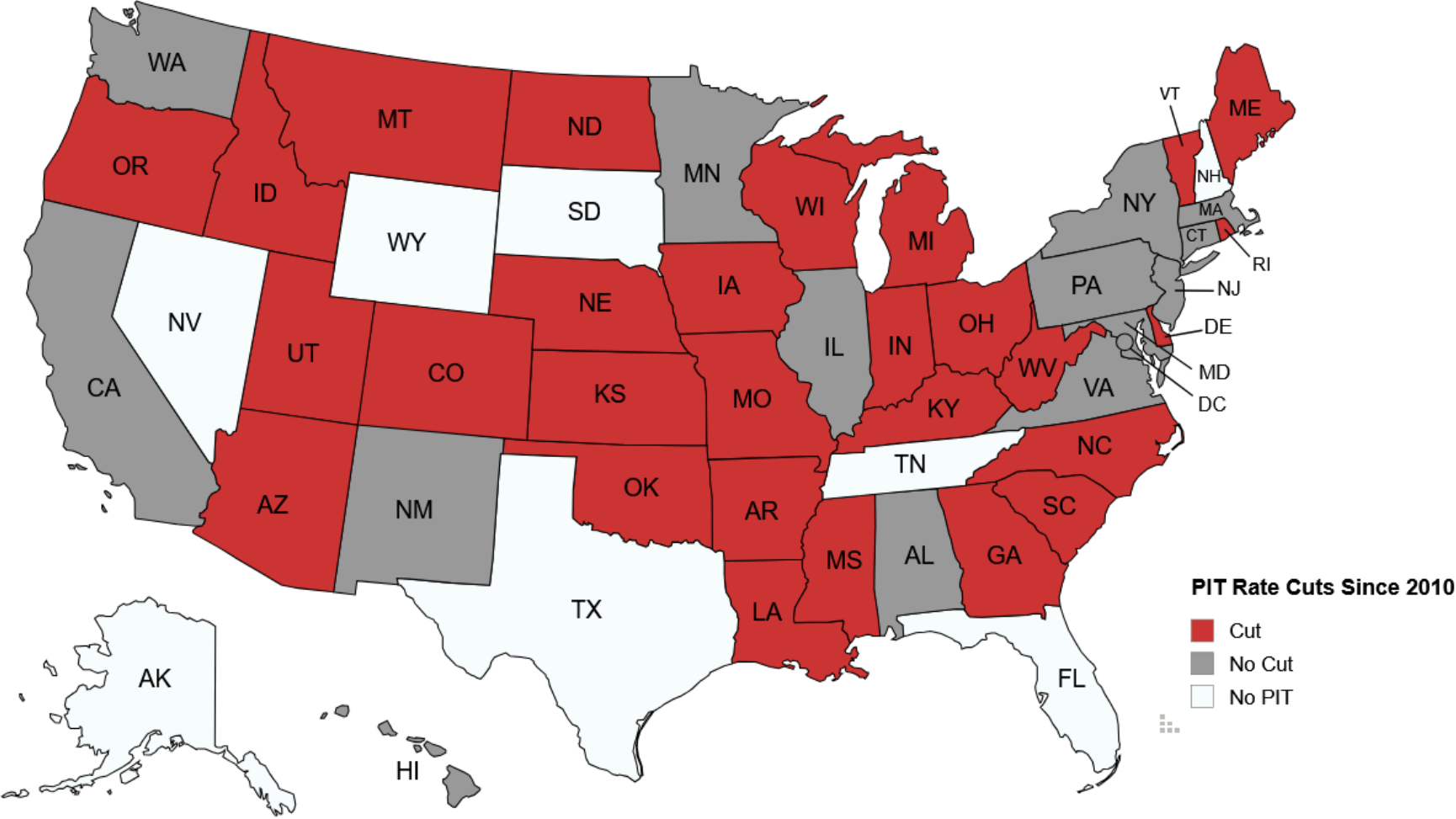


Visitors / road trippers



High-income residents

6. Income Tax Cuts, Elimination Plans



5. “Wealth Taxes”

Politics

- **58%** support raising taxes on people with income above \$400,000 income (Pew poll)
- **77%** support raising taxes on billionaires (Impact Research poll)

Policy

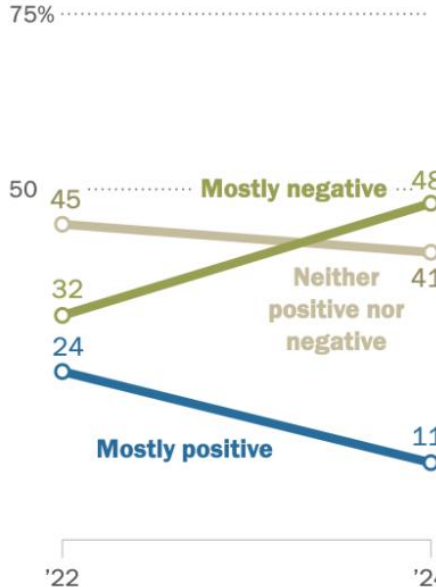
- **26%** federal income tax rate on top 1%, relative to AGI
- **11.5%** rate relative to economic income (Gale & Sabelhaus study)

4. Tech Industry Taxes

- **78%** of Americans say social media companies have too much power
- **64%** of Americans say social media has a mostly negative effect on the country

48% of teens say social media harm people their age, up from 32% in 2022

% of U.S. teens ages 13 to 17 who say social media have (a) ___ effect on people their age



Note: Those who did not give an answer are not shown.
Source: Survey conducted Sept. 18-Oct. 10, 2024.
"Teens, Social Media and Mental Health"

PEW RESEARCH CENTER

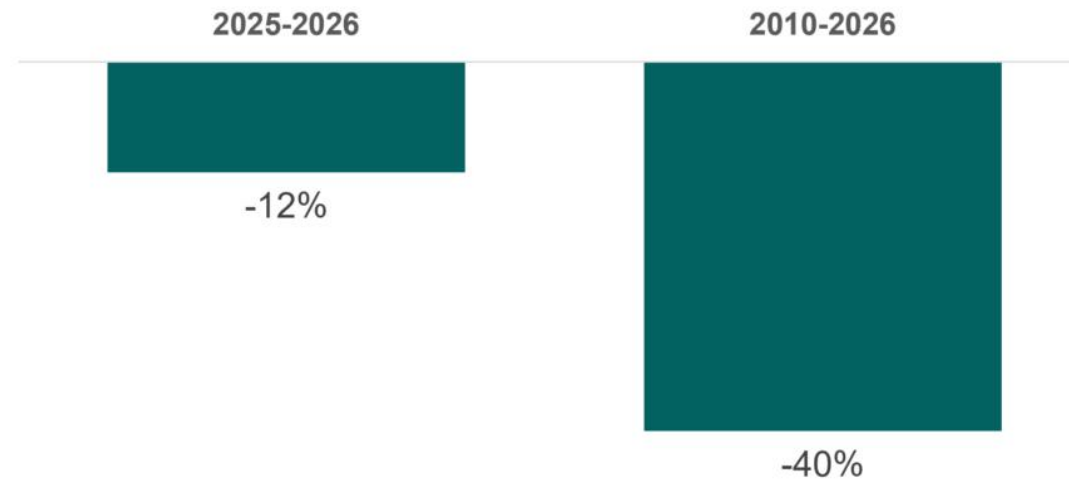
Source: Pew Research Center

3. IRS Budget Cuts

Figure 1

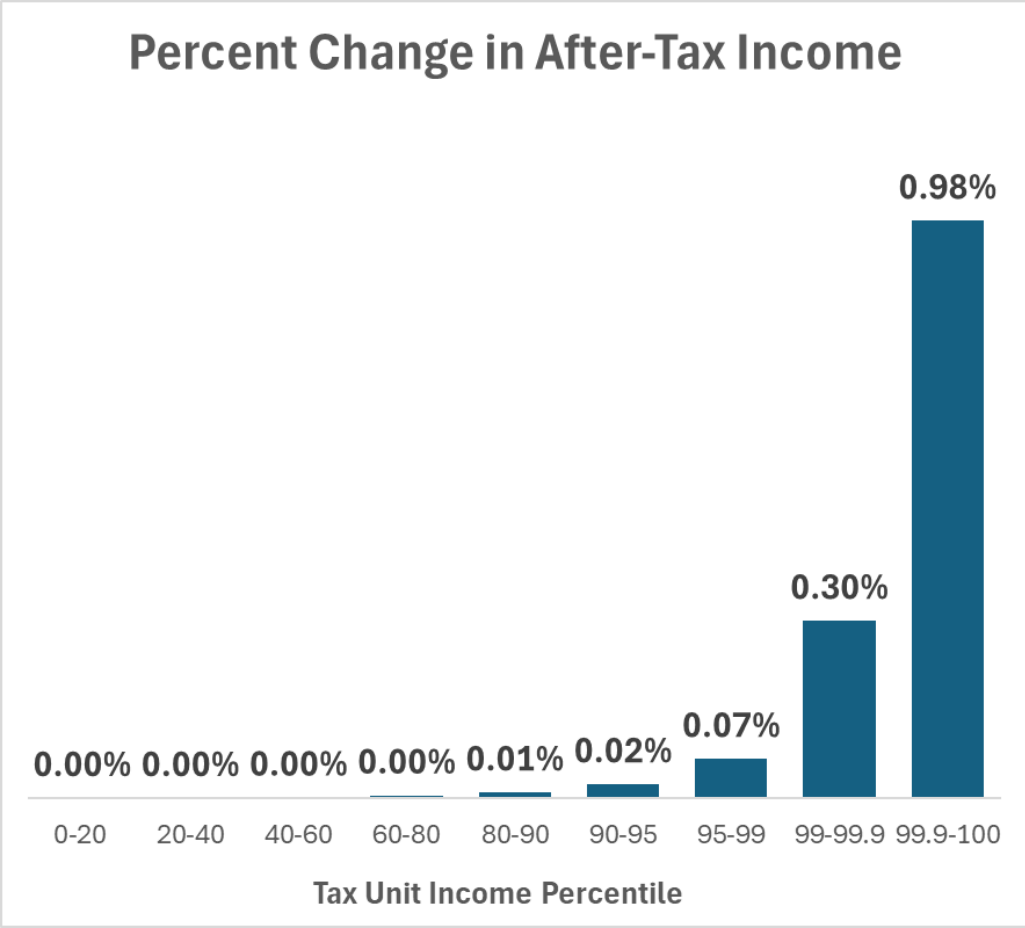
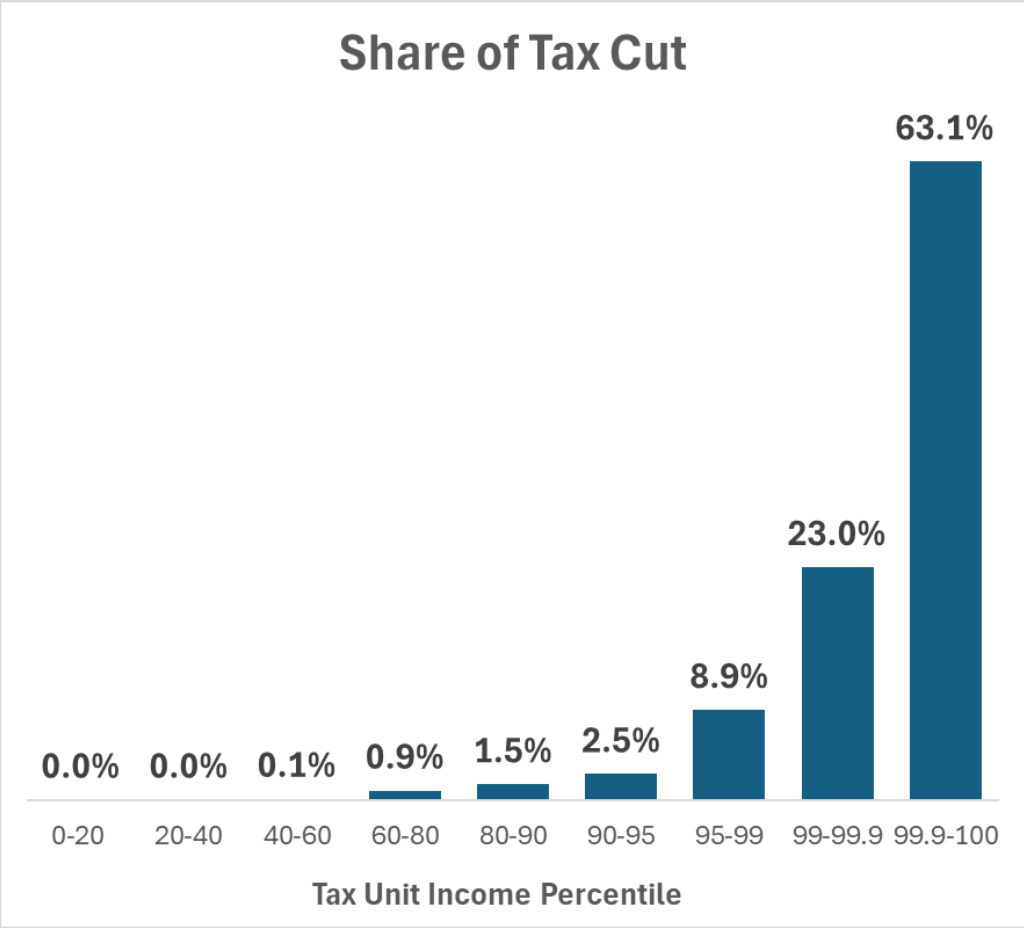
Funding deal cuts IRS base budget by 12 percent since last year, and over a third since 2010

Percent change, adjusted for inflation



Source: Adjusted for inflation using the CPI-U-RS. Analysis based on data from the Bureau of Labor Statistics, Congressional Budget Office, and the Office of Management and Budget.

2. Capital Gains Indexing



Source: Penn Wharton Budget Model

1. Taxpayer-Favorable Administrative Deviations

The New York Times

“Treasury has clearly been enacting unlegislated tax cuts,” said Kyle Pomerleau, a tax economist at the American Enterprise Institute, a right-leaning think tank. “Congress determines tax law. Treasury undermines this constitutional principle when it asserts more authority over the structure of the tax code than Congress provides it.”

