Jon Tester claims to be a champion of the middle class, but he voted against middle class tax cuts that would save the average Montana family $1,400 dollars per year while voting to give massive tax breaks to millionaires in California and New York.

Jon Tester claims to be a champion of the middle class.

- **Jon Tester claims to be a champion of the middle class.** "Tester in that race positioned himself as a fighter for the middle class who could take on a government that had become 'an auction where the folks who get representation isn't based on what's right but who can write the biggest campaign check.'" (Stephen Groves, "Defense industry dollars flowed to a Democratic senator after he gained a key role on spending," *Associated Press*, 6/23/23)

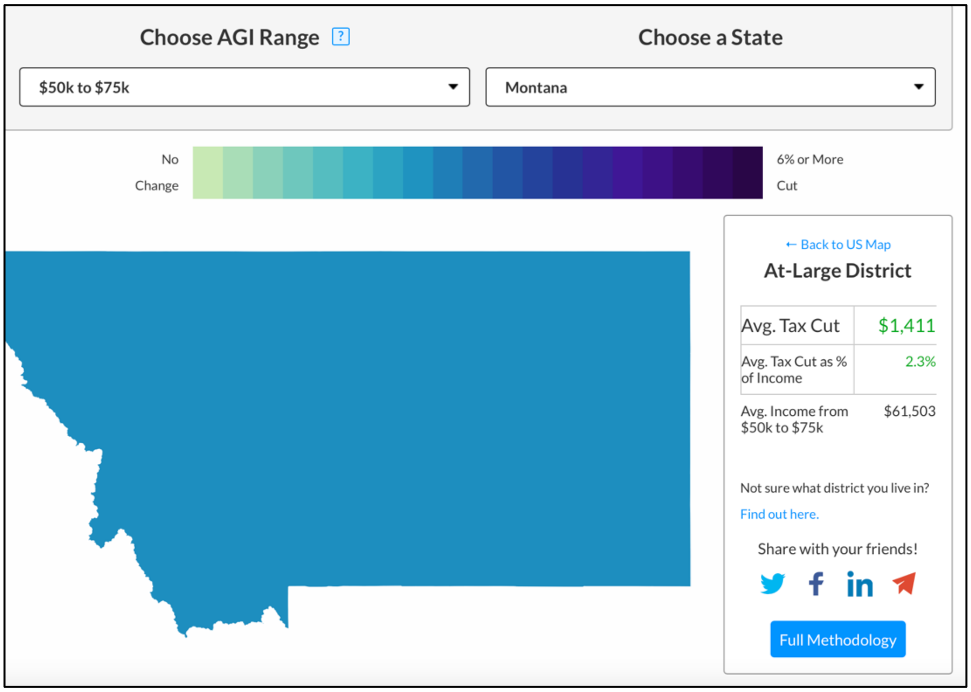
Jon Tester voted against legislation that lowered individual and corporate tax rates while also saving the average Montanan family $1,411 a year.

- **Jon Tester voted against the Tax Cuts and Jobs Act.** (H.R. 1, Vote Number 303, Passed: 51-49, Tester voted Nay, 12/2/17)

- **The Tax Cuts and Jobs Act lowered individual tax rates.** "For individual tax deductions, the TCJA reduced some of the overall tax rates and changed many deductions. First, the TCJA reduced the seven brackets from 10%, 15%, 25%, 28%, 33%, 35%, and 39.6% respectively to 10%, 12%, 22%, 24%, 32%, 35%, and 37%. Further, the income levels for the brackets were slightly increased, which generally reduced taxes for individuals." ("Tax Cuts and Jobs Act of 2017 (TCJA)," Cornell Law School, Accessed: 3/22/23)

- **The Tax Cuts and Jobs Act lowered corporate tax rates.** "For businesses and investors, the TCJA greatly reduced the corporate tax rate, changed flow-through taxation, increased depreciations, and made fundamental changes to taxing international income. First, the corporate tax rate was permanently reduced to a 21% flat tax rate from 35%. Second, except for many types of service providers, individuals were given a deduction of 20% from pass-through income from business entities like partnerships and LLCs." ("Tax Cuts and Jobs Act of 2017 (TCJA)," Cornell Law School, Accessed: 3/22/23)

- **The Tax Cuts and Jobs Act saved the average family in Montana $1,411 a year.**



("The Impact Of The Tax Cuts and Jobs Act By Congressional District," Tax Foundation, Accessed: 3/22/23)

Editor's Note: *In 2021, the median household income in Montana was $60,560.*

Jon Tester voted in favor of S.J. Res. 50, which sought to effectively repeal the limit on the state and local tax (SALT) deduction.

Editor's Note: *A vote in favor of S.J. Res. 50 would repeal a Treasury rule blocking state-level workarounds to the $10,000 SALT deduction limit passed as part of the Tax Cuts and Jobs Act of 2017. Therefore, a vote for S.J. Res. 50 was a vote to provide massive tax breaks to the wealthy, primarily in liberal states.*

- **Jon Tester voted in favor of S.J. Res. 50.** (S.J. Res. 50, Vote Number 331, Failed 43-52, Tester Voted Yea, 10/23/19)

- **S.J. Res. 50 was an effort by Senate Democrats to repeal a rule proposed by the IRS and the Treasury that would "block critical state workarounds" to the $10,000 limitation on SALT deductions.** "Senate Democrats will push to repeal a Treasury Department and IRS rule, which goes into effect Aug. 11, that they say would 'block critical state workarounds' to the $10,000 limitation on state and local tax deductions." (Doug Sword, "Senate Democrats push repeal of state and local tax rule," *Roll Call*, 8/2/19)

    - **Senate Republicans described S.J. Res. 50 as an effort that would effectively repeal the SALT deduction limit.** "S.J.Res.50 would prevent the IRS from implementing the new regulations, effectively mimicking a repeal of the SALT cap." ("S.J.Res, Disapproval of SALT Workaround Rules," Senate Republican Policy Committee, 10/23/19)

- **The Joint Committee on Taxation noted that a taxpayer in a state that offers a 100% tax credit in return for charitable contributions could "effectively… side-step the $10,000 limitation on the deduction for State and local tax payments."** "Following the enactment of the $10,000 limitation on the deduction for State and local tax payments with the 2017 Tax Act, utilizing State and local tax credit programs became attractive as a potential tax planning strategy for individuals to avoid or mitigate the limitation. For example, assume an individual has a State tax liability totaling $30,000, itemizes deductions, and lives in a State that offers a 100 percent tax credit in return for contributions to a specified charitable organization. If the individual paid the tax liability directly to the State, only $10,000 is allowed as a Federal income tax deduction. However, the individual may donate $20,000 to the specified charitable organization, receive a 100 percent tax credit worth $20,000, and pay the remaining tax liability of $10,000 directly to the State. In this case, if the amount of the charitable contribution deduction is not reduced to reflect the amount of the state tax credit, the taxpayer would be able to deduct the full $30,000 at the Federal level: $20,000 as a charitable contribution deduction and $10,000 as a deduction for State taxes. Thus, effectively, the taxpayer would side-step the $10,000 limitation on the deduction for State and local tax payments." ("Background on the Itemized Deduction for State and Local Taxes," Joint Committee on Taxation, 6/25/19)

- **S.J. Res. 50 would have "effectively" bypassed the SALT deduction limit.** "The resolution, S.J.Res. 50, aimed to repeal Treasury Department regulations that prohibited high-tax states from creating charitable funds where residents could contribute their state tax payments, effectively bypassing the SALT limit." (Laura Davison, "Senate Rejects Democrats' Effort to Repeal SALT Deduction Rules," *Yahoo! Finance*, 10/23/19)

A repeal of the SALT deduction limit could give a massive tax break to millionaires in California and New York and overwhelmingly benefit the wealthy, not the middle-class.

- **A repeal of the SALT deduction limit "could amount to a significant tax cut for wealthy Americans in liberal states."** "Democrats were readying an agreement on Tuesday that would repeal a cap on the amount of state and local taxes that homeowners can deduct as part of a broader $1.85 trillion spending bill, a move that could amount to a significant tax cut for wealthy Americans in liberal states." (Emily Cochrane and Alan Rappeport, "Democrats Push for Agreement on Tax Deduction That Benefits the Rich," *New York Times,* 11/2/21)

- **A repeal of the SALT deduction limit would primarily benefit the wealthy in states including California, New York, and New Jersey.** "Even in states with the most residents affected, less than a quarter of residents would benefit from repeal of the SALT cap. The other options would benefit a similar or smaller percentage of taxpayers in each state. The states with the highest share of residents benefiting from repeal or from any of these options are California, Connecticut, the District of Columbia, Maryland, New Jersey and New York. But most of those residents would receive a relatively small tax cut, as illustrated in the figures that can be downloaded with the link at the top of this report, and most of the benefits would go to the rich even in these states." ("Options to Reduce the Revenue Loss from Adjusting the SALT Cap," Institute on Taxation and Economic Policy, 8/26/21)

- **Wall Street Journal Headline: "Democrats Consider Tax Cuts for Many High Earners in New York, New Jersey and California"**

Democrats Consider Tax Cuts for Many High Earners in New York, New Jersey and California

With tax rates steady and $10,000 deduction cap under attack, some residents of high-tax states might pay less than before 2017

(Richard Rubin, "Democrats Consider Tax Cuts for Many High Earners in New York, New Jersey and California," *Wall Street Journal*, 10/29/21)

- **High-income individuals from New York, New Jersey, and California would benefit from a repeal of the SALT deduction limit.** "High-income coastal professionals look likely to emerge as significant winners from the Democrats' proposed tax agenda, escaping rate increases and regaining a deduction for state and local taxes that was capped at $10,000 in 2017. The potential result: Many residents of New York, New Jersey, California and other states who make more than the $400,000 threshold that President Biden set for tax increases could end up with tax cuts atop the tax cuts they got four years ago." (Richard Rubin, "Democrats Consider Tax Cuts for Many High Earners in New York, New Jersey and California," *Wall Street Journal*, 10/29/21)

- **Senator Bernie Sanders said a repeal of the SALT deduction limit would be a "giveaway to the rich that went against the Democrats' priorities."** "Senator Bernie Sanders of Vermont, the chairman of the Budget Committee, blasted the repeal on Tuesday as a giveaway to the rich that went against the Democrats' priorities." (Emily Cochrane and Alan Rappeport, "Democrats Push for Agreement on Tax Deduction That Benefits the Rich," *New York Times*, 11/2/21)

- **The Joint Committee on Taxation estimated that a repeal of the $10,000 SALT deduction limit would reduce taxes on all Americans by $77.4 billion, of which $40.4 billion would be saved by households with incomes of $1 million or more, $14.4 billion would be saved by households with incomes between $500,000 and $1 million, and $18.2 billion would be saved by households with incomes between $200,000 and $500,000.**

Table 4 presents a distributional analysis for 2019 of a proposal to repeal the $10,000 limitation on the deduction for State and local taxes beginning in 2019. The repeal is estimated to result in a decrease in tax liability for 13.1 million taxpayers, 94 percent of which have $100,000 or more of economic income. Additionally, approximately 99 percent of the decrease in tax liability accrues to taxpayers with $100,000 or more of economic income.

Table 4.–Distributional Effects of a Proposal to Repeal the Limitation on the Deduction for State and Local Taxes(1)

Calendar Year 2019

Income Category (2)	Number of Taxpayer Units Millions	Change in Tax Liability $Billions
Less than $10,000	(3)	(4)
$10,000 to $20,000	(3)	(4)
$20,000 to $30,000	(3)	(4)
$30,000 to $40,000	(3)	(4)
$40,000 to $50,000	(3)	(4)
$50,000 to $75,000	0.3	-0.1
$75,000 to $100,000	0.5	-0.3
$100,000 to $200,000	4.3	-4.0
$200,000 to $500,000	6.2	-18.2
$500,000 to $1,000,000	1.2	-14.4
$1,000,000 and over	0.6	-40.4
Total, All Taxpayers	**13.1**	**-77.4**

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

("Background on the Itemized Deduction for State and Local Taxes," Joint Committee on Taxation, 6/25/19)