

Exhibit 96

Red States, Blue States, and Taxes

By RAMESH PONNURU | November 8, 2017 7:29 PM

A common criticism of the Republican tax bill is that by limiting the current deductions for state and local taxes and mortgage interest, it is **punishing Democratic states and voters**. (The House bill repeals the deduction for state and local sales and income taxes and caps the deduction for property taxes at \$10,000; it ends the mortgage deduction for second homes and caps the deduction for new homes at \$500,000 of loan value.)

The fact that these tax increases will fall most heavily on “blue” parts of the country is obviously not an accident. Republicans think they need to limit some deductions to make up some of the lost revenue from other parts of tax reform, and doing that in a way that minimizes the pain to their own constituents is bound to appeal to them.

But I’d push back on the claim of “weaponization” for three reasons. First, Republicans have wanted to get rid of the state-and-local tax deduction for a long time, even when it had a less partisan incidence. The Reagan administration tried to kill it and failed, partly because there were more blue-state Republican congressmen then. The mortgage-interest deduction is a perennial target of tax reformers left and right. There are good arguments beyond hurting Democratic voters to take these steps.

Second, the plan includes some elements, admittedly smaller ones, that tend to help blue states disproportionately. Ending the alternative minimum tax, as the

Republican bill does, disproportionately helps people in high-tax states. Every state with a higher-than-average percentage of taxpayers paying the AMT is a blue state, **based on this chart** from the Tax Policy Center. Getting rid of the AMT wouldn't be my highest priority for tax reform, but it's also not something you'd put in the bill if hurting blue-state voters—or changing tax policy for the relative betterment of red states at the expense of blue states—were one of your top goals.

Third, if you see these tax breaks as unjustified, then their existence has been, in part, a favor to blue states at the expense of red states. Getting rid of that favor makes the tax code more, rather than less, level between red and blue states.

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