

Exhibit 97

Mnuchin fires warning shot to high-tax states: Get control of your budgets

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U.S. Treasury Secretary Steven Mnuchin said on Thursday that he hoped the GOP's proposal to eliminate state and local tax (SALT) deductions would send a message to high-tax states like New York and California.

“I do hope that this sends a message to the state governments that, perhaps, they should try to get their budgets in line,” Mnuchin said during a speech at the Economic Club of New York. “And the question is: why do you need 13 or 14% state taxes?”

Despite bipartisan pushback from lawmakers in states like New York, New Jersey and California, Mnuchin stood strong on eliminating the deductions, saying the federal government should not be in the business of “subsidizing state taxes.” While he was speaking in New York on Thursday, Mnuchin mentioned he had also addressed the issue in California and was headed to New Jersey next.

In the tax proposal put forth by the House of Representatives last week, Republicans allow state and local property tax deductions up to \$10,000, while eliminating most of the other SALT deductions. Mnuchin said it was his “expectation” that this version of the provision would ultimately be passed.

Eliminating the popular deductions could increase federal revenue by \$1.3 trillion over the next decade, according to the Tax Policy Center. However, as a result, about 24% of taxpayers nationwide would see an increase in taxes. Those increases would be outsized for residents in high-tax states such as New York and California, where resident taxpayers would incur more than 30% of the tax increase from trashing the deduction. Additionally, individuals with incomes in excess of \$100,000 would have the largest tax increase in both dollars and as a percentage of income – paying 90% of the increase associated with eliminating SALT.

However, Mnuchin was quick to point out that some of the individual losses from SALT would be, at least partly, offset by other parts of the bill. For example, he said repealing the alternative

minimum tax (AMT) would help New Yorkers, and potentially eliminating the estate tax would benefit wealthy individuals with incomes in excess of \$1 million.

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