



(UBS)

Washington Weekly: State and Local Tax (SALT) deduction

23 May 2025, 20:06 UTC, written by UBS Editorial Team US Editorial Team

In Congress, the focus this week was on House Republicans' efforts to pass a big reconciliation package of President Trump's priorities on taxes and spending. While there was plenty of sound and fury, Republicans ultimately were able to get it through the House before Memorial Day. John Nolan and the Governmental Affairs US team take a look at this and much more in the latest Washington Weekly report.

One Big Beautiful Bill update

The overarching focus in Congress this week was House Republicans' efforts to pass a big reconciliation package of President Trump's priorities on taxes and spending. While there was plenty of sound and fury, they ultimately were able to get it through the House. They hope that passage in the House will provide momentum for the Senate to move forward with its version of the bill in June. However, the Senate process will be more complicated and more time-consuming. The Senate will work on their own draft of the bill rather than just taking and amending the House bill. Some details of the Senate bill will begin to trickle out next week. While the Senate will begin considering their version of the reconciliation bill on the Senate floor in June, we think the process likely will extend into July despite President Trump's interest in seeing a bill signed into law by 4 July. It will be important for Republicans to pass the bill by the August recess given that the reconciliation package includes a needed increase to the debt ceiling. Given the time crunch, we think that the bill the Senate passes may be the one to become law (there may not be time for the Senate and House to ping pong versions or engage in formal conference negotiations to iron out differences between their two bills). Pay close attention to the Senate debate as the upper chamber may have the final word.

State and Local Tax (SALT) deduction

One of the more contentious issues has been how to address the \$10,000 SALT cap. Lawmakers from high tax states (including New York, New Jersey, and California) believed they had the upper hand in negotiations as their votes were

critical to getting the bill approved. They were able to get an increase in the cap to \$40,000 (with an income limitation of \$500,000) in the House bill. As the bill moves to the Senate, it's worth noting that there aren't any Republican Senators from these high-tax states. Republican Senators will look to lower the \$40,000 cap, but they ultimately understand that this bill will need to pass the House again and that can't happen without an increase in the existing SALT cap.

The final word

2028—right around the corner

With Democrats struggling with their messaging against the Republican agenda, the 2028 shadow primary is beginning to be held less and less in the shadows. Democrats eyeing the White House are increasingly open about their 2028 ambitions, abandoning the old playbook of denials and no comments in favor of early moves and visible positioning. These include Governors Andy Beshear (KY), Gavin Newsom (CA), JB Pritzker (IL), and Josh Shapiro (PA) as well as former cabinet officials Gina Raimondo and Pete Buttigieg. They are signaling interest with donor outreach, national travel, media presence, and appearances in early primary states. Their urgency is fueled by the party's leadership vacuum post-2024, poor polling, and the high financial and organizational hurdles of modern presidential campaigns. With no clear heir apparent and pressure to define a post-Biden vision, potential contenders for 2028 are stepping up earlier and more visibly than in previous cycles.

For more, see [Washington Weekly](#), 23 May 2025.

Disclaimer

This document is prepared and published by the Global Wealth Management business of UBS Switzerland AG (regulated by FINMA in Switzerland), its subsidiaries or its affiliates ("UBS"), part of UBS Group AG ("UBS Group"). UBS Group includes former Credit Suisse AG, its subsidiaries, branches and affiliates. In the USA, UBS Financial Services Inc. is a subsidiary of UBS AG and a member of FINRA/SIPC. Additional Disclaimer relevant to Credit Suisse Wealth Management follows at the end of this section.

This document and the information contained herein are provided solely for your information and UBS marketing purposes. Nothing in this document constitutes investment research, investment advice, a sales prospectus, or an offer or solicitation to engage in any investment activities. This document is not a recommendation to buy or sell any security, investment instrument, or product, and does not recommend any specific investment program or service.

Information contained in this document has not been tailored to the specific investment objectives, personal and financial circumstances, or particular needs of any individual client. Certain investments referred to in this document may not be suitable or appropriate for all investors. In addition, certain services and products referred to in the document may be subject to legal restrictions and/or license or permission requirements and cannot therefore be offered worldwide on an unrestricted basis. No offer of any product will be made in any jurisdiction in which the offer, solicitation, or sale is not permitted, or to any person to whom it is unlawful to make such offer, solicitation, or sale.

Although all information and opinions expressed in this document were obtained in good faith from sources believed to be reliable, no representation or warranty, express or implied, is made as to the document's accuracy, sufficiency, completeness or reliability. All information and opinions expressed in this document are subject to change without notice and may differ from opinions expressed by other business areas or divisions of UBS Group. UBS is under no obligation to update or keep current the information contained herein. **The views and opinions expressed in this material by third parties are not those of UBS.** Accordingly, UBS does not accept any liability over the content shared by third parties or any claims, losses or damages arising from the use or reliance of all or any part thereof.

All pictures or images ("images") herein are for illustrative, informative or documentary purposes only and may depict objects or elements which are protected by third party copyright, trademarks and other intellectual property rights. Unless expressly stated, no relationship, association, sponsorship or endorsement is suggested or implied between UBS and these third parties.

Any charts and scenarios contained in the document are for illustrative purposes only. Some charts and/or performance figures may not be based on complete 12-month periods which may reduce their comparability and significance. Historical performance is no guarantee for, and is not an indication of future performance.

Nothing in this document constitutes legal or tax advice. UBS and its employees do not provide legal or tax advice. This document may not be redistributed or reproduced in whole or in part without the prior written permission of UBS. To the extent permitted by the law, neither UBS, nor any of its directors, officers, employees or agents accepts or assumes any liability, responsibility or duty of care for any consequences, including any loss or damage, of you or anyone else acting, or refraining to act, in reliance on the information contained in this document or for any decision based on it.

Additional Disclaimer relevant to Credit Suisse Wealth Management: Except as otherwise specified herein and/or depending on the local entity from which you are receiving this document, this document is distributed by UBS Switzerland AG, authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). Your personal data will be processed

in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website <https://www.credit-suisse.com>. In order to provide you with marketing materials concerning our products and services, UBS Group AG and its subsidiaries may process your basic personal data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can optout from receiving these materials at any time by informing your Relationship Manager.

Please visit <https://www.ubs.com/global/en/wealth-management/insights/chief-investment-office/marketing-material-disclaimer.html> to read the full legal disclaimer applicable to this document.

© UBS 2025. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.