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OUTLOOK: SALT in the wound: State and local taxes emerge as reconciliation hurdle

PLUS: Grassley blasts Democrats for holding up DOJ nominees over Qatari jet, and defense hawks reach deal on spectrum auction.



None

Sen. Ron Johnson speaks to reporters Thursday about the meeting he and other Republican senators had with President Trump Wednesday on how to craft the reconciliation bill. (AP Photo/J. Scott Applewhite)

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Republicans in both chambers are clashing over a provision in the House budget-reconciliation package raising the federal deduction limit for state and local taxes—otherwise known as SALT—with New York Republicans pushing for the lower chamber’s language, and senators rejecting the expanded tax break.

Senate Republicans came back from their Wednesday caucus meeting on reconciliation with a consensus that they would look into overhauling the House’s carefully negotiated deal raising the federal deduction limit from \$10,000 to \$40,000. But New York Republicans in the House are making it clear: Without that measure, don’t count on their votes.

“Since when do Republicans advocate for taxing you on top of taxes already paid?” Rep. Mike Lawler [said in a Thursday post on X](https://x.com/lawler4ny/status/1930583562870198396),
(<https://x.com/lawler4ny/status/1930583562870198396>), addressing House Speaker Mike Johnson, Senate Majority Leader John Thune, and Senate Finance Committee Chair Mike Crapo. “No SALT. No Deal.”

Members of the bipartisan SALT Caucus are urging the Senate GOP to leave the provisions as they are, underlining the months-long negotiations it took for lawmakers to settle on the current text—and they warn that any tweaks to the \$40,000 figure could unwind a number of interlocking provisions elsewhere in the bill.

Rep. Nick LaLota, a member of the SALT Caucus, said members are in constant communication with Johnson on the state of play between both chambers. He also noted that a suggestion to put the SALT provision in a second reconciliation bill was floated but ultimately rejected by the group.

“We’re New Yorkers—we’re not dumb,”

LaLota said in a Thursday interview.

“We know that we’re either going to get a higher cap now or we won’t get whatever.”

But a number of Senate Republicans say the issue should be addressed in the states. Sen. Thom Tillis said he had similar issues in his home state of North Carolina until lawmakers there passed tax reforms. He said the problem could be resolved through additional tax breaks in the states.

“That's the work that needs to be done in Albany and Sacramento to let these folks not worry about the SALT deduction,” Tillis said ahead of a Wednesday White House meeting with Senate Finance Republicans. “I've told a lot of people, if you want to fix the fundamental problem with SALT, you need to talk to your state senators, not your U.S. senators.”

Rep. Nick Langworthy, another New York Republican, pushed back on Tillis’ argument, stating that constituents in red states like Texas or Florida would benefit from raising the deduction limit.

“This is not just for blue states that have a high income tax and a high property tax,” he said. “There's certainly people that pay more than \$10,000 in property taxes in those [red] states.”

Sens. John Cornyn and Ron Johnson, who attended Wednesday's meeting at the White House, also drew red lines around letting the House's SALT legislation pass the Senate, but noted they were cognizant of the small margins in both chambers where a shift of three Republicans would sink the bill.

“I realize there's got to be some give-and-take and compromise, but I don't think there's a Republican senator that wants to do anything on SALT other than what's currently” in law, Johnson told *National Journal* on Thursday.

The Wisconsin Republican has emerged as one of the One Big Beautiful Bill's most outspoken opponents, due largely to its price tag.

“I don't think we necessarily want to blow a bigger hole in the deficit by catering to higher-income New Yorkers or Californians. We all realize [that both

sides have to] pass this, so I'm not sure where that ends up. But there's no support for doing what the House did here in the Senate for SALT," he said.

Speaker Johnson [told](#)

(<https://www.youtube.com/watch?v=SIuEELurL4w>).

Bloomberg TV that Senate Republicans “all come from red states, as do I,” and so “have a very different perspective on SALT than our colleagues in the blue states—for example, California, New York and New Jersey.”

—[Nancy Vu](#) (</search/?a=Nancy%20Vu>),

[Savannah Behrmann](#) (</search/?a=Savannah%20Behrmann>), and [Casey](#)

[Wooten](#) (</search/?a=Casey%20Wooten>).



DAILY

OUTLOOK: Trump accepting foreign luxury plane as Air Force One raises ‘serious constitutional and ethical questions’

PLUS: Trump order designed to lower drug prices; House E&C pushes 10-year pause on state AI regs; and DOE proposes massive gutting of regulations.

SAVANNAH BEHRMANN, LEDYARD KING, PHILIP ATHEY, BELLA TIMMERDING

(</s/728482>).

Grassley blasts Democrats for holding up DOJ nominees over Qatari jet

Senate Judiciary Committee Chairman

Chuck Grassley [is bashing Democrats](#)

(<https://www.judiciary.senate.gov/press/rep/releases/on-senate-floor-grassley-pushes-back-against-baseless-democrat-obstruction-of-doj-nominees>).

for slow-walking the confirmation of Justice Department nominees over objections to President Trump's acceptance of a luxury jet from Qatar last month.

Grassley's criticism comes as Patrick Davis, Trump's nominee for assistant attorney general in the Office of Legislative Affairs, is being held up despite having over [20 years of law and federal experience](#)

(https://www.judiciary.senate.gov/imo/media/doc/davis_letter.pdf).

"The Office of Legislative Affairs is hobbled," Grassley said Wednesday. "It lacks a Senate-confirmed Assistant Attorney General to lead that office. Why? Because Senate Democrats have

decided to impede the confirmation of all Justice Department nominees without exception.”

Senate Minority Leader Chuck Schumer

[announced a blanket hold](https://www.democrats.senate.gov/newsroom/press-releases/following-the-largest-foreign-bribe-to-a-president-in-modern-history-leader-schumer-announces-hold-on-all-department-of-justices-political-nominees-demands-immediate-disclosure-of-qataris-brazen-influence-over-trump-administration-plans-for-extensive-security-modifications-and-correlated-costs-to-retrofit-almost-half-a-billion-dollar-plane-and-testimony-of-bondi-on-ethics)

[. \(https://www.democrats.senate.gov/newsroom/press-releases/following-the-largest-foreign-bribe-to-a-president-in-modern-history-leader-schumer-announces-hold-on-all-department-of-justices-political-nominees-demands-immediate-disclosure-of-qataris-brazen-influence-over-trump-administration-plans-for-extensive-security-modifications-and-correlated-costs-to-retrofit-almost-half-a-billion-dollar-plane-and-testimony-of-bondi-on-ethics\)](https://www.democrats.senate.gov/newsroom/press-releases/following-the-largest-foreign-bribe-to-a-president-in-modern-history-leader-schumer-announces-hold-on-all-department-of-justices-political-nominees-demands-immediate-disclosure-of-qataris-brazen-influence-over-trump-administration-plans-for-extensive-security-modifications-and-correlated-costs-to-retrofit-almost-half-a-billion-dollar-plane-and-testimony-of-bondi-on-ethics) on all DOJ confirmations

on May 13, in response to unanswered questions regarding the Qatari government “gifting” Trump a \$400 million private jet to use as Air Force One.

The holds don’t prevent nominees from being confirmed, but they do trigger a longer process. Members of both parties, when they have been in the minority, have used the tactic to slow confirmations.

After Attorney General Pam Bondi signed off on the Qatari transaction, Schumer pledged to maintain the hold on nominees until Bondi and the DOJ provided answers on the details of a deal that could benefit the president personally, including to questions about the cost of retrofitting the plane to make it Air Force One-worthy.

Schumer questioned whether the “ready-on-day-one” jet had all the necessary security modifications typical in federal aircraft, raising concerns about millions, if not billions in taxpayer dollars being needed to add these updates.

“Until the American people learn the truth about this deal, I will do my part to block the galling and truly breathtaking politicization at the Department of Justice,” he said.

Davis’s nomination was advanced on April 10 by the Judiciary Committee, but the committee approval remains moot until the hold is lifted.

“Republicans want the Senate to quietly rubber stamp a political nominee for the DOJ ... no hearing, no debate, no scrutiny,” Schumer said.

Grassley said blocking the confirmation process is only “hamstringing” the chances of questions being answered by the DOJ because Davis would be heading the office that would respond to Congress regarding the Qatari plane.

—[Amelia Monroe](#) ([/search/?a=Amelia%20Monroe](#)).



DAILY

Battle of the bands: Defense hawks and telecom industry push for control of spectrum space

The conflict threatens to add another hurdle to the budget-reconciliation bill that’s been delicately negotiated in Congress.

PHILIP ATHEY

([/s/728644](#))

Defense hawks reach deal on spectrum auction

Senate Republicans appear to have reached a deal on the spectrum-auction reauthorization provisions within the reconciliation bill, one of the main holdouts said.

Details have yet to be announced, but Sen. Mike Rounds said he and Senate Commerce, Science, and Technology Committee Chair Ted Cruz reached an agreement on spectrum Wednesday that will be announced soon.

Spectrum refers to the bands of electromagnetic waves required for wireless communication. Private industry uses spectrum for radio, television, and mobile phones, while the Defense Department uses spectrum for its own wireless communication technology, as well as for missile guidance and radar technology.

The Federal Communications Commission had previously raised more than \$200 billion auctioning off bands of spectrum the government did not require until it lost authority to do so in 2023. Since then, there has been a bipartisan effort to reauthorize the FCC's spectrum auction, but national security hawks on Capitol Hill have warned that auctioning off too much spectrum would degrade the Pentagon's ability to defend the nation's borders.

The House version of the reconciliation bill tasked the FCC with selling off 600 megahertz of spectrum over the next six years, with estimates that it would raise \$88 billion. In an olive branch to the Pentagon, the FCC was blocked from auctioning spectrum frequencies between 3.1 gigahertz and 3.45 gigahertz or between 5.925 gigahertz and 7.125 gigahertz.

But Rounds, a defense hawk, had said the provision did not do enough to protect national defense and that he would vote against the reconciliation bill unless a deal was reached.

He told reporters Thursday that the deal would preserve the frequencies the Defense Department needs until 2034.

—[Philip Athey](#) (</search/?a=Philip%20Athey>),
and [Savannah Behrmann](#) (</search/?a=Savannah%20Behrmann>).