



NATIONAL ASSOCIATION OF POLICE ORGANIZATIONS, INC.

Representing America's Finest

317 South Patrick Street. ~ Alexandria, Virginia ~ 22314-3501

(703) 549-0775 ~ (800) 322-NAPO ~ Fax: (703) 684-0515

www.napo.org ~ Email: info@napo.org

EXECUTIVE OFFICERS January 29, 2025

MICHAEL McHALE
President
Florida Police Benevolent Association

The Honorable Michael Crapo
Chair

The Honorable Jason Smith
Chair

JOHN A. FLYNN
Vice President
Police Benevolent Association of New York City

Committee on Finance
United States Senate
Washington, D.C. 20510

Committee on Ways and Means
United States House of Representative
Washington, D.C. 20515

CRAIG LALLY
Recording Secretary
Los Angeles Police Protective League

Dear Chairmen Crapo and Smith:

On behalf of the National Association of Police Organizations (NAPO) and the over 241,000 sworn law enforcement officers we represent across the country, I am writing to advise you of our tax-related priorities as you consider extending and expanding the 2017 tax cuts. These provisions impact the financial security of our nation's law enforcement officers.

KEITH CURRY
Sergeant-at-Arms
New Jersey State Policemen's Benevolent Association

Making Overtime Pay Tax-Free

NAPO supports President Trump's campaign proposal to make overtime pay tax-free. Our nation's law enforcement agencies are understaffed, and officers are being forced to work overtime to ensure our communities are being served. Excluding overtime pay from their taxable income would significantly help with the retention crisis facing the profession and provide financial relief to officers and their families. Overtime should be considered as any hours worked over 40 hours per seven day pay period, or the equivalent to ensure that officers are earning the overtime benefits they deserve.

SCOTT LEETON
Executive Secretary
Combined Law Enforcement Associations of Texas

MARK YOUNG
Vice President,
Associate Members
Detroit Police Lieutenants & Sergeants Association

Elimination or Significant Reform of the SALT Deduction Cap

We have opposed the cap on the state and local tax (SALT) deduction since it was instituted in the 2017 Tax Cuts and Jobs Act. The SALT deduction helped ensure that state and local first responders receive the support they need from the communities they serve, as public safety budgets across the country are largely drawn from state and local property, sales, and income taxes. These investments give our first responders the tools they need to keep our communities safe.

JAMES PALMER
Parliamentarian
Wisconsin Professional Police Association

REV. WESLEY McDUFFIE
Chaplain
Tarrant County, Texas Sheriff's Office

The SALT cap also imposed a significant tax increase that many homeowners have struggled under over the past several years. Repealing the cap would be a win for homeowners, our communities, and for the first responders who work every day to keep those communities safe.

WILLIAM J. JOHNSON, CAE
Executive Director and
General Counsel

Reinstating Deductions for Public Safety Work-Related Out-of-Pocket Expenses

In most law enforcement agencies across the country, the department provides officers with uniforms, badges, hats, jackets, rain gear, and most pins. The officers themselves

are responsible for their uniform maintenance and replacement, and sometimes they must purchase their service weapons, ammunition, pay for training at a gun range and buy a gun safe to store the service weapon. Officers may be given an equipment allowance in their paycheck but that does not cover the expense of purchasing this necessary gear. Excluding job-related out-of-pocket expenses by first responders and law enforcement officers from their taxable income would provide necessary financial relief to officers.

On top of those costs, many officers pay union dues, which can run around \$2,000 per year – more than an average public sector union as public safety unions provide expensive legal and liability coverage for officers, in addition to death benefits for families of officers killed in the line of duty.

It is important for law enforcement officers to be able to offset these substantial costs by deducting them from their taxable income. This will relieve an unfair financial burden that has been placed on officers, who give up so much to protect and serve our communities.

Increasing the HELPS Retirees Benefit

The Healthcare Enhancement for Local Public Safety (HELPS) Retirees provision of the Pension Protection Act of 2006 provides public safety officers, who often retire earlier than other occupations because of the physical demands and unique job hazards they face, with means to more affordable healthcare options. Unfortunately, health care costs have gone up dramatically since 2006 and the \$3,000 per year permitted to be utilized from the retiree's pension under the provision is no longer adequate to cover even half a year's worth of health insurance premiums.

We support increasing the HELPS Retirees benefit from the current \$3,000 per year to \$6,000. Enhancing this important provision will help preserve the retirement security and the health of those public servants who selflessly serve and protect our communities.

Creating a Tax Credit for Retailers Who Sell Firearms Storage Devices

Gun safe storage devices are a part of the larger public safety narrative and have been shown to reduce the incidents of firearm theft, unintentionally shootings, and youth suicides. A recent study has shown that safe gun storage would reduce youth gun-related deaths by 32 percent. Using a market-based approach can help firearms retailers play a larger role in promoting responsible gun storage and increase the sale of these important devices to gun owners.

NAPO supports the creation of a new tax credit for retailers to incentivize the sale of safe storage devices for firearms. The tax credit would be equal to 10 percent of the sale price (no more than \$400 per device).

Additional Considerations

In addition to the provisions outlined above that we urge you to include in the tax package you are considering, we are concerned that proposals that would harm the financial security of public safety officers are being considered as possible revenue raisers. Specifically, we oppose the imposition of the unrelated business income tax (UBIT) on state and local governmental pension plans, which was considered as an offset for the 2017 Tax Cuts and Jobs Act.

The UBIT would represent a significant new tax on certain public pension plan investment earnings and would seriously diminish overall investment returns which are used to pay benefits to the hard-working first responders who dedicated their lives to protecting our nation's communities. Investment earnings pay for approximately two-thirds of state and local government pension benefits, which are taxed when distributed to participants across virtually every state, city, and town in the United States.

Subjecting public plans to UBIT would not only result in diminished investment returns, but it would also set a dangerous precedent for taxation of state entities and would ultimately increase costs to taxpayers as states and localities must make up for the funding shortfalls caused by the tax.

As you continue to negotiate the final tax package, NAPO urges you to consider these priorities of our nation's rank-and-file law enforcement officers. If you have any questions, or if we can be of further assistance, please feel free to contact me at: (703) 549-0775.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. Johnson', with a long horizontal flourish extending to the right.

William J. Johnson
Executive Director

Cc: The Honorable Mike Johnson, Speaker, U.S. House of Representatives
The Honorable John Thune, Majority Leader, U.S. Senate