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Homeowners in New York, California and Other Coastal States Could Shave Thousands Off Their Annual Tax Bill with SALT Cap Increase

Redfin reports 86% of Massachusetts homeowner households could benefit from the increased SALT cap—the highest share of any state. In comparison, only 1% of households in Tennessee and Nevada are expected to benefit.

SEATTLE — Sept. 18, 2025 — The typical New York homeowner impacted by the raised state and local tax (SALT) deduction cap could save more than $7,000 a year—the highest of any state. That's according to a new report from Redfin, the real estate brokerage powered by Rocket.

But the share of homeowners who benefit from the SALT cap increasing from $10,000 to $40,000—and how much they save—varies widely across the country. In some states, like Massachusetts, almost every homeowner could benefit, while in others, like Tennessee, only a small fraction are likely to be impacted.

This is according to a Redfin analysis which estimates the share of homeowner households who could benefit from the increased SALT deduction cap—and their potential savings. The raised SALT deduction cap was introduced as part of President Trump's "One Big Beautiful Bill Act." It allows homeowners who itemize their tax breaks to deduct up to $40,000 from their federal taxes for state and local income taxes, property taxes and sales taxes.

Using local tax revenue, home value and income data, Redfin's analysis projects how much typical homeowners could expect to deduct if they itemize their deductions. In the report, Redfin projects the share of homeowners who *could* benefit from the SALT cap increase. It's important to note that the share of households who are *likely* to itemize their taxes will be smaller, as many homeowners will continue to take the standard deduction.

The typical New York homeowner impacted by the new cap will save $7,092 annually—the most of any state

The typical New York homeowner impacted by the increased SALT cap will save $7,092 annually. Redfin estimates savings by first calculating how much the typical impacted homeowner could deduct under the new SALT rules, then applying a 24% marginal tax rate to the portion that exceeds the previous $10,000 cap.

Top 5 States With Highest Estimated Savings From New SALT Cap
Note: Assumes a 24% marginal tax rate on the amount above the old cap of $10,000

State	Median SALT Savings	Median SALT Deduction
New York	$7,092	$39,549
California	$3,995	$26,646

New Jersey	$3,897	$26,238
Massachusetts	$3,835	$25,979
Connecticut	$3,133	$23,053

California homeowner households impacted by the new cap will save the second-highest amount each year ($3,995), followed by New Jersey ($3,897), Massachusetts ($3,835) and Connecticut ($3,133).

Redfin Senior Economist Asad Khan said even though the savings are considerable, SALT changes are unlikely to push home prices up in most states, because relatively few *homebuyers* would be impacted by the increased cap. But in markets where a high share of homeowner households are affected—and the expected savings are high—there is more potential for prices to be affected.

“Homebuyers in states like Illinois, where the potential tax savings are high relative to home prices, may look at the new SALT cap as an opportunity to increase their homebuying budget,” he said. “Theoretically, that could lead to an increase in demand, and higher prices.”

The typical homeowner household impacted by the new cap in South Dakota will save $1,033 per year—the lowest of any state.

Top 5 States With Lowest Estimated Savings From New SALT Cap
Note: Assumes a 24% marginal tax rate on the amount above the old cap of $10,000

State	Median SALT Savings	Median SALT Deduction
South Dakota	$1,033	$14,306
Alaska	$1,052	$14,382
Nevada	$1,090	$14,540
Tennessee	$1,097	$14,572
New Hampshire	$1,101	$14,590

Alaska homeowner households impacted by the new cap will save the second-lowest amount each year ($1,052), followed by Nevada ($1,090), Tennessee ($1,097) and New Hampshire ($1,101).

Khan said the five lowest states do not have a state income tax, meaning homeowner households are less likely to cross the old $10,000 SALT deduction cap.

“For households in these states, the only real way to benefit is if their home is valuable enough for property taxes to exceed $10,000,” he said. “Even then, the savings are relatively small, since many of these owners are just barely over the old limit.”

Massachusetts has the highest share of homeowners who could benefit from raised SALT cap

More than eight in 10 (85.5%) Massachusetts homeowners stand to benefit from the new tax rules if they choose to itemize their deductions—meaning they could deduct more than $10,000 (the old cap) in combined property, and state and local income taxes. That's the highest share of any U.S. state.

The next highest shares are in New Jersey (84.2%), Oregon (79.8%), New York (75.8%) and California (74.3%). These states share one thing in common: expensive homes. All five are among the 10 states with the highest median home values.

Top 5 States With Highest Share of Homeowner Households Who Stand to Benefit From Increased SALT Cap

State	Share of Homeowner Households to Benefit	Median Home Value (Census data)	Median Property Tax Rate
Massachusetts	85.5%	$525,800	1.11%
New Jersey	84.2%	$427,600	2.23%
Oregon	79.8%	$454,200	0.83%
New York	75.8%	$403,000	1.60%
California	74.3%	$695,400	0.71%

Not all states with high home values will benefit equally from the tax changes

It's worth noting, however, that not all states with high home values will benefit as significantly from the tax rule changes.

For example, Washington has the fifth-highest median home value of all states, yet only 9.6% of homeowners stand to benefit from the increased cap. That's because Washington has no state income tax, and its median property tax rate is a relatively low 0.84%. In Colorado, which has the sixth-highest median home value of all states, a low median property tax rate of 0.49% means only 15.3% of homeowners stand to benefit from the new rules.

Redfin's Khan said reports on the cap increase have largely focused on homeowners in states with the highest home values—and therefore the highest property taxes. But he noted that a more substantial share of households stand to gain.

"West Virginia has the lowest median home value in the country, but nearly a third of homeowners there could benefit from the new cap," he said. "Benefits vary so widely because the mix of home values, property taxes, and income taxes looks very different depending on where you live. In states with both high home values and high taxes, most homeowners are now able to deduct more than they could under the old $10,000 cap. In lower-tax states—or states with no income tax—the impact is smaller, even for people with expensive homes."

Only 1% of homeowner households in Tennessee and Nevada stand to benefit from new cap

Highlighting the extreme variability among states, only 1% of homeowners in Tennessee stand to benefit from the increased SALT cap—the lowest of any state.

Top 5 States With Lowest Share of Homeowners Who Stand to Benefit From Increased SALT Cap			
State	**Share of Homeowner Households to Benefit**	**Median Home Value (Census data)**	**Median Property Tax Rate**
Tennessee	1%	$256,800	0.55%
Nevada	1.2%	$406,100	0.49%
Wyoming	2.2%	$285,100	0.58%
South Dakota	2.8%	$236,800	1.09%
Alaska	3.3%	$333,300	1.14%

The next lowest shares are in Nevada (1.2%), Wyoming (2.2%), South Dakota (2.8%) and Alaska (3.3%). The common thread between the bottom five states is the lack of a state income tax, while Tennessee, Nevada and Wyoming also have among the lowest median property taxes.

Khan noted that the share of homeowners who could benefit from the new cap may be considerably higher in some states due to the impact of state and local sales taxes, which are not accounted for in Redfin's analysis.

The typical Nassau County, NY homeowner impacted by the new cap will save $7,200 annually—highest among U.S. metros

The typical Nassau County, NY homeowner impacted by the increased SALT cap will save $7,200 annually—the most in any of the top 100 U.S. metro areas and the highest savings possible, as it represents the maximum deduction of $40,000.

Next came San Francisco ($6,843), San Jose ($6,661), New York ($5,473) and Oakland ($5,455).

Khan said while many coastal metros have a high share of impacted homeowners, the potential tax savings are small relative to home values. In contrast, homeowners in Midwest metros like Cleveland, Indianapolis, Chicago and Pittsburgh are expected to see much bigger returns, relative to home prices.

Nearly all (96.1%) of homeowner households in Nassau County stand to benefit from the increased SALT cap if they itemize their deductions—the highest share among the top 100 U.S. metro areas.

To view the full report, including charts, additional state- and metro-level data, and full methodology details, please visit: https://www.redfin.com/news/salt-cap-increase-analysis

About Redfin
Redfin is a technology-driven real estate company with the country's most-visited real estate brokerage website. As part of Rocket Companies (NYSE: RKT), Redfin is creating an integrated homeownership platform from search to close to make the dream of homeownership more affordable and accessible for everyone. Redfin's clients can see homes first with on-demand tours, easily apply for a home loan with Rocket Mortgage, and save thousands in fees while working with a top local agent.

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