

# Recession fears growing

Excerpt from the Sarasota Herald Tribune's article,

## Recession fears growing

*Local experts offer comments on the impact of an economic downturn in Sarasota-Manatee.*



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The image features a dark blue background. On the left, the text 'CUMBERLAND ADVISORS®' is written in white, with 'CUMBERLAND' on the top line and 'ADVISORS®' on the bottom line. Below the text is a stack of newspapers and a tablet displaying a news article. On the right is a portrait of Patricia Healy, a woman with long brown hair, wearing a dark blazer over a patterned top. At the bottom left, the text 'In The News' is followed by four social media icons: LinkedIn, Twitter, Facebook, and YouTube. At the bottom right, the website address 'www.cumber.com' is displayed.

After the longest economic expansion in U.S. history, a growing number of economists and business forecasters are raising the likelihood of a recession in the not-too-distant future.

In an August survey by the National Association for Business Economics, a solid 74% of business economists said they expect a recession by the end of 2021. Thirty-four percent of those economists believe a slowing economy will tip into recession sometime in 2021, which was up from 25% six months earlier.

An additional 38% of those polled predicted that recession will occur next year, down slightly from 42% in February. Another 2% of those polled expect a recession to begin this year.

Patricia Healy, senior vice president of research and

portfolio manager at Cumberland Advisors in Sarasota:

“Recession memories die hard in most municipalities – that’s a reason rainy day funds have been built up.

“Rainy day funds, or reserves in excess of earmarked expenses, are important for a municipality to be able to manage through a recession or other unforeseen event. The practice is similar to the rule of thumb for a person or family to have four to six months of savings in case of job loss, a major car repair or other life events. Most municipalities have firmly planted in their memories the financial crisis of 2008 and the toll it took, and they have been saving up rainy day funds.”

*Patricia Healy continues at the link.*

Read the full article at the Sarasota Herald’s website:  
[www.heraldtribune.com](http://www.heraldtribune.com)

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## Mousseau: The SALT (state and local taxes) conundrum

Excerpt from the Sarasota Herald Tribune's article,

### Mousseau: The SALT (state and local taxes) conundrum

*There have been headlines recently describing the drop in state tax revenues versus forecasts for some of the higher-tax states such as California, New York, and New Jersey. Part of the falloff is due to an exodus of higher-income residents from high-tax states, such as the ones above, for states with low or no income taxes, such as Florida, Texas, and Nevada.*

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*Exacerbating this effect is the SALT provision of the 2017 tax bill (in effect for the 2018 calendar tax year). It puts a \$10,000 cap on the amount of deductible state and local income taxes and local property taxes. This cap, of course, effectively raises the effective rates of these taxes by an amount equal to the loss of deductibility.*

*Prior to this year, being able to deduct state and local taxes in full meant that taxpayers subject to the old 39.6 percent highest marginal tax rate effectively wrote off almost 40 percent of their taxes. The SALT change means that, on a cash-flow basis, both people's property taxes and income taxes will effectively rise almost 40 percent from what they paid last year. For obvious reasons, this new tax bite has generated much consternation and many crosscurrents.*

*Continued...*

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