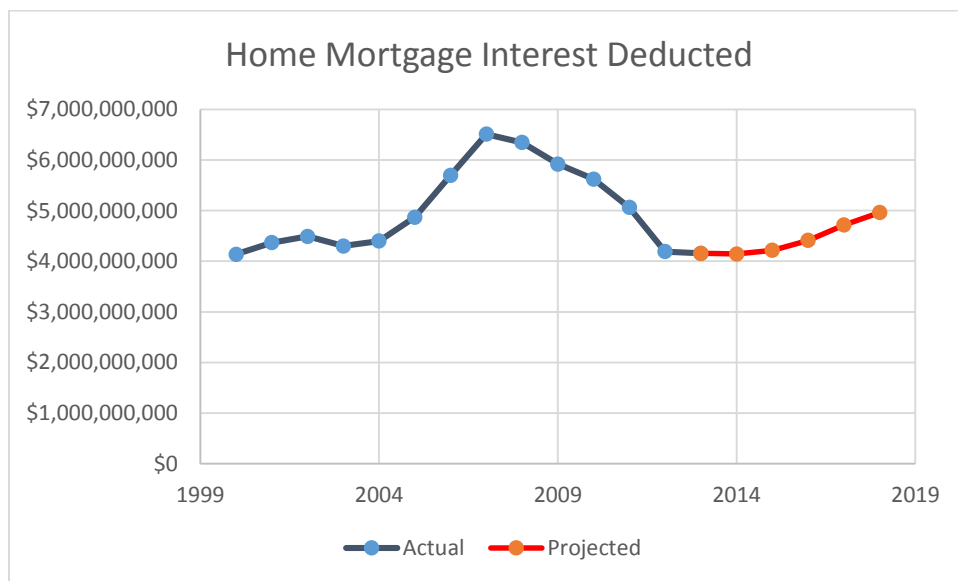


## Home Mortgage Interest Deduction

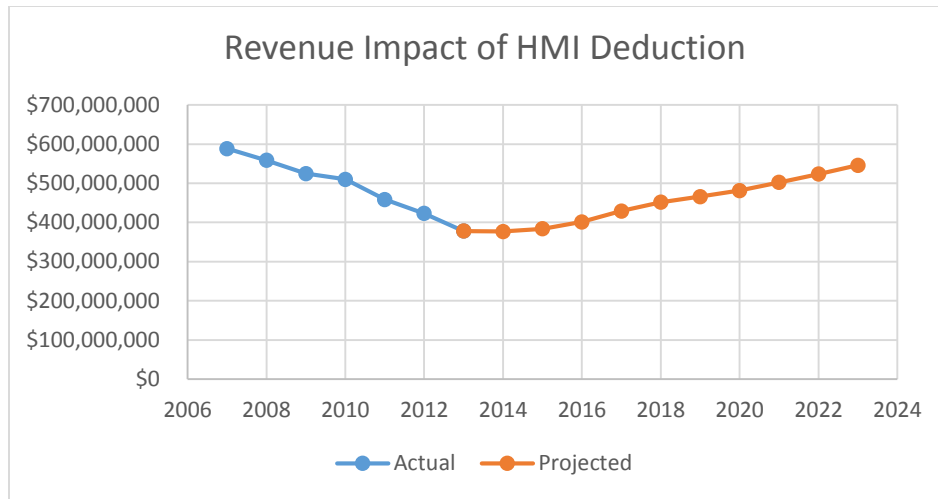
The deduction for home mortgage interest is available to taxpayers who pay interest in a given year. Taxpayers can take advantage of the deduction by itemizing deductions on the federal Schedule A form and forgoing the standard deduction. It is possible to only itemize deductions in Oregon but not at the federal level. This situation is fairly common as the Oregon standard deduction in 2016 was \$2,155 for single taxpayers and \$4,315 for joint taxpayers. This is significantly lower than the federal standard deductions of \$6,300 for single taxpayers and \$12,600 for married taxpayers filing jointly. If itemized deductions exceed this amount, taxpayers will itemize instead of taking the standard deduction.

Itemized deductions are limited by income. Home mortgage interest deductions are limited as well. At \$259,400 for single filers and \$311,300 for married filers, certain itemized deductions are reduced by the percentage of income over the threshold. The smallest deduction taken can be as low as 20 percent of the amount paid in mortgage interest, given sufficiently high income.

Home mortgage interest deductions were highly affected by the previous economic downturn. The average deduction has also decreased from a high of \$11,699 in 2008 to \$8,656 in 2013.



The revenue impact of the Home Mortgage Interest Deduction is estimated to be \$880 million in the 2017-19 biennium. The revenue impacts have been declining since the peak in 2007 but are expected to increase.



Distribution of the Home Mortgage Interest Deduction Revenue Impact

### 2013 Personal Income Tax Filers

Income Group of Full-Year Filers*	Number of Filers Taking Deduction	Average Deduction	Total Deducted (\$ millions)	Revenue Impact (\$ millions)	Percent of Revenue Impact by Income Group
<b>Below \$12,800</b>	16,800	\$7,970	\$133.9	\$0.5	<1%
<b>\$12,800 - \$26,700</b>	24,600	\$6,560	\$161.3	\$7.1	2%
<b>\$26,700 - \$47,600</b>	63,200	\$6,710	\$424.0	\$32.7	9%
<b>\$47,600 - \$84,300</b>	147,800	\$7,580	\$1,120.3	\$97.2	27%
<b>Above \$84,300</b>	237,500	\$10,140	\$2,407.2	\$218.3	61%
<b>All Full-Year Filers</b>	489,900	\$8,670	\$4,246.7	\$355.9	100%
<b>Part-Year and Nonresident Filers</b>	74,800	\$3,720	\$278.3	\$22.1	

\*Each income group contains 20 percent of the full-year filers (approximately 327,000)