



HB 3005 Creating a refundable tax credit for renters

Testimony for House Human Services and Housing – 3.21.2017

On its surface, this bill makes sense. We spend far less on renter tax breaks than on our three tax breaks for homeowners. Renter tax subsidies are expected to cost \$140 m¹ while homeowner subsidies are expected to cost \$1.9 b next biennium.²

Subsidies for rental property owners are even larger than those for homeowners, including deductions for property taxes, mortgage interest, maintenance, insurance and depreciation, followed by passing capital gains taxation into the future with like-kind exchanges. In the best of all worlds, these subsidies for building owners are passed on to renters. Unfortunately, as the recent increases in rental prices prove, many rental property owners charge what the market will bear.

While some renters live in subsidized housing, most do not, including many whose household income is less than 300% of poverty³, and would be eligible for the refundable tax credit provided by HB 3005.

The idea behind this bill makes better sense than current subsidies for rental properties, which flow to rental property owners, rather than renters.

But the only logical way to pay for changing where our subsidies flow would be to end some of the benefits to rental owners and pass them instead to the renters. Without a funding source, this bill with its price tag of \$600-900 million⁴ must remain a bill concept.

¹ There are numerous property tax subsidies for housing, for the elderly, vets, students, non-profit, agricultural workers, farm and forest homesites, vertical, housing authority, lenders credit for low income, low income, historic, etc. most of which is likely rented by income eligible renters, the cost of which is scored at a total of \$140 m in the Tax Expenditure Report.

² The total for those who itemize their property tax and mortgage interest deductions, and claim the capital gains exclusion upon sale.

³ \$61,260 for a family of 3, \$73,800 for a family of 4

⁴ Extremely rough estimate: 1,560,000 Oregon households x 39% renters x 50% income eligible x \$2500 = \$760 m

We read the bills and follow the money