HB 3349A – A Shift in Subsidies for Having a Home

Testimony for House Revenue – Jody Wiser – 4.15.2019

It is tax day, and this bill would raise Oregon taxes for some lucky Oregonians, ones with income of more than $200,000 who own a home with a mortgage.

The proposed changes to Oregon's Mortgage Interest Deduction (MID) are not going to do serious damage to anyone. Let's get people off the streets, keep them in their homes, or get them into their first home instead of helping folks with their second home or helping our most financially secure citizens.

Limiting the Mortgage Interest Deduction to primary residences and to those with incomes below $250,000 is more than fair. Suppose taxpayers have a mortgage for $400,000 with typical interest of $15,500 per year. With HB 3349, if their taxable income is below $200,000, they will not be impacted by this change in the MID. If their adjusted gross income (AGI) is $225,000, their state taxes will increase $768. At $250,000 in AGI their taxes will increase by $1535. Can taxpayers with more than four times the average Oregon household income afford that $1535 increase? It might sting, but it won't kill. And as we recall from last winter, being homeless can kill.

Who will be affected by HB 3349?

Those who rent **– will not be affected.**
Those who own rental properties **– will not be affected**
Those own a home with no mortgage **– will not be affected.**
Those with AGI of less than $200k who own or buy a home **– will not be affected.**

Those with second homes with a mortgage **– will be affected.**
Those with primary residences, a mortgage, and incomes of $200,000 or more **– will be affected.**

Those who need shelter, are desperate to stay in their home, or need help with a down payment – they too will be affected.

The increased revenue because of this change in law is directed to the Oregon Housing Fund. That's perfect; helping fewer well-housed Oregonians while providing more funding to help those without a home is our idea of a smart policy change.

We read the bills and follow the money