

SB 852 STAFF MEASURE SUMMARY

Senate Committee On Housing and Development

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Sub-Referral To: Senate Committee On Finance and Revenue

Meeting Dates: 4/1, 4/8

WHAT THE MEASURE DOES:

Prohibits deduction of mortgage interest from personal income tax liability for residences other than principal residences, with certain exceptions. Limits or prohibits deduction of mortgage interest for principal residences based on federal adjusted gross income. Applies to tax years beginning on or after January 1, 2022. Creates Oregon Housing Opportunity Account to support affordable homeownership and prevent homelessness. Funds account with revenue attributable to limits on mortgage interest deduction. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Senate Bill 852 prohibits the deduction of mortgage interest from a taxpayer's personal income tax liability for residences other than the taxpayer's principal residence, with certain exceptions. In addition, the measure limits the deduction of mortgage interest for principal residences based on federal adjusted gross income. For taxpayers who earned between \$200,000 and \$250,000, the allowable deduction will be determined by dividing the amount of income exceeding \$200,000 by \$50,000, then multiplying the deduction by the quotient. For taxpayers who earned \$250,000 or more, claiming the deduction is prohibited. Changes apply to tax years beginning on or after January 1, 2022. Senate Bill 852 directs the Department of Revenue to estimate the amount of revenue gained, if any, from the restrictions on the deduction, then to transfer the estimated amount to fund the Oregon Housing Opportunity Account within the Oregon Housing Fund. The measure creates the Oregon Housing Opportunity Account to be administered by Oregon Housing and Community Services to provide loans, grants, and other housing support, particularly for racial groups with low rates of homeownership and other groups experiencing housing barriers and instability.