

**REVENUE IMPACT OF  
PROPOSED LEGISLATION  
81st Oregon Legislative Assembly  
2021 Regular Session  
Legislative Revenue Office**

**Bill Number: SB 852  
Revenue Area: Personal Income Tax  
Economist: Kyle Easton  
Date: 4/7/2021**

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

**Measure Description:**

Disallows, for purposes of Oregon personal income taxation, mortgage interest deduction for residence other than taxpayer's principal residence, unless residence was taxpayer's principal residence and taxpayer sold or is marketing a qualified residence.

For taxpayers with adjusted gross income in excess of \$250,000, disallows mortgage interest deduction for interest paid or accrued on indebtedness of taxpayer's principal residence. Linearly phases out mortgage interest deduction for taxpayers with adjusted gross income in excess of \$200,000 but not in excess of \$250,000. Applies to tax years beginning on or after January 1, 2022.

On or before December 31, 2023, directs Department of Revenue (DOR) to transfer to the Oregon Housing Fund, amount equal to the estimated increase in revenue attributable to restrictions on the deduction of mortgage interest.

**Revenue Impact (in \$Millions):**

	Fiscal Year	Biennium		
	2022-23	2021-23	2023-25	2025-27
<b>General Fund</b>	\$85	\$85	\$200	\$230
<b>Transfer to OR Housing Fund</b>			-\$180	-\$215
<b>Net General Fund</b>	\$85	\$85	\$20	\$15
<b>OR Housing Fund</b>			\$180	\$215

**Impact Explanation:**

Elimination and/or phase-out of the mortgage interest deduction for taxpayers with an adjusted gross income greater than \$200,000, coupled with the elimination of the deduction for non-principal residences, will increase tax liability of personal income taxpayers. On average, measure would eliminate or limit the mortgage interest deduction for about 80,000 taxpayers per year.

*Further Analysis Required*

Revenue impact table illustrates estimated revenue impact and subsequent transfers. A positive revenue impact is expected in 2021-23 reflective of limitations placed on the mortgage interest deduction. By December 31st of 2023, DOR is required to transfer estimated increased revenue to the Oregon Housing Fund. As timing of transfer to the OR Housing Fund lags increase in revenue, a discrepancy between biennia occurs.

This measure has a subsequent referral to the Senate Committee on Finance and Revenue. A more refined revenue impact statement will be developed for that committee.

**Creates, Extends, or Expands Tax Expenditure:** Yes  No

# Further Analysis Required