

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 852

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office

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

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Measure Description:

Disallows, for purposes of personal income taxation, mortgage interest deduction for residence other than taxpayer's principal residence, unless taxpayer sells residence or actively markets residence for sale.

Government Unit(s) Affected:

Department of Revenue (DOR), Housing and Community Services Department (HCSD)

Analysis:

This fiscal impact statement is for the purpose of transmitting the measure from the Senate Committee on Housing and Development to the Senate Committee on Finance and Revenue.

SB 852 disallows mortgage interest deduction for a residence other than the taxpayer’s principal residence unless the taxpayer lives in the residence during (or just prior to) the tax year and sells the residence or actively markets the residence for sale during the year. The measure phases out the allowable deduction when adjusted gross income (AGI) is between \$200,000 and \$250,000. Taxpayers with AGI over \$250,000 will not be allowed the deduction. The measure establishes the Oregon Housing Opportunity Account. Moneys in the Account are continuously appropriated to the Housing and Community Services Department (HCSD). Beginning December 31, 2023 and annually thereafter, DOR will be required to annually estimate the increase in revenue attributed to the change in the deduction and transfer the funds to the Oregon Housing Opportunity Account each December. The moneys in the fund will be used by HCSD, with guidance from the Oregon Housing Stability Council, to develop programs that promote affordable home ownership and prevent homelessness. The measure applies to tax years beginning on or after January 1, 2022.

The measure is anticipated to have an impact on the Housing and Community Services Department (HCSD) and the Department of Revenue (DOR).

A more complete fiscal analysis on the measure will be prepared as the measure is considered in the Senate Committee on Finance and Revenue.

Further Analysis Required