



Date: May 5<sup>th</sup>, 2023  
To: Joint Committee On Ways and Means  
From: Crystalyn Black, Policy Analyst for the Urban League of Portland  
Re: Reforming the Mortgage Interest Deduction, SB 976

Co-Chairs Senator Steiner and Sanchez, Co-Vice Chairs Senator Girod, Representative Gomborg, Representative Smith, and Members of the Committee:

Thank you for the opportunity to provide testimony in support of Senate Bill 976. My name is Crystalyn Black, I am a Policy Analyst with the Urban League of Portland. The Urban League of Portland is one of Oregon's oldest civil rights and social service organizations, empowering African Americans and others to achieve equality in education, employment, health, economic security, and quality of life to thrive across Oregon and SW Washington.

We are writing to offer support for Senate Bill 976. Oregon is facing an unsustainable and unprecedented housing crisis. There simply are not enough safe, stable, and affordable homes for every Oregonian to call home. For many Oregon families, high mobility combined with limited resources is an all too familiar reality. It is common to see children in these households attempting to navigate those factors, experiencing increased numbers of learning disabilities, behavioral and or developmental challenges, and lower achievement scores. Black people acutely feel this reality as they face the brunt of structural racism and have been barred from accessing equitable housing and opportunities for economic mobility. Homeownership is often an indicator of financial stability yet Black people in Oregon experience a 30% lower homeownership rate than their white counterparts.<sup>1</sup> There are significant wage gaps due to factors such as workplace harassment, gender discrimination, racism, unaffordable childcare, and facing both gender and racial discrimination. Women often fill the role of being the de facto family caregiver. Black women are especially vulnerable to economic shock since the "median wages for Black women in the United States are \$36,303 per year, compared to median wages of \$57,005 annually for white, non-Hispanic men".<sup>2</sup> This wage gap promotes financial instability. Additionally, housing instability factors such as evictions do not affect everyone equally. Black renters are nearly twice as likely to have an eviction filed against them when compared to their white counterparts.<sup>3</sup> The HB 2100 Task Force was formed in response to the racial disparities found among those who are experiencing homelessness. In their "Recommendations of the Task Force on Homelessness and Racial Disparities in Oregon" report it was clear that "people who identify as Black or African American are 2% of the total population, 4% of those in poverty, and 6% of those experiencing homelessness."<sup>4</sup> Oregon is in dire need of significant housing investments to tackle the houseless crisis, to address housing instability, and to increase access to homeownership. Those who are vulnerable to economic shock need the most support. However, Oregon's housing crisis reflects that this support is painfully missing.

One of Oregon's most significant housing policies is the Mortgage Interest Deduction (MID). The Mortgage Interest Deduction is frequently framed as a policy intended to promote homeownership, however there is no proof of this in either Federal or State statute. In fact, in a

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<sup>1</sup> Department of Revenue, [Without Legislative Action the Mortgage Interest Deduction Will Remain Regressive and Inequitable](#), 2022, pg.17.

<sup>2</sup> National Partnership for Women & Families, [Black Women and the Wage Gap](#), 2022.

<sup>3</sup> ACLU, [Clearing the Record: How Eviction Sealing Laws Can Advance Housing Access for Women of Color](#), 2020.

<sup>4</sup> [Findings and Recommendations of the Task Force on Homelessness and Racial Disparities in Oregon](#), 2022, pg. 15.



2020 report “Tax Expenditures: Compendium of Background Material on Individual Provisions” the Congressional Research Service found that “there is no evidence in the legislative history that the interest deduction was intended to encourage home ownership or to stimulate the housing industry at that time”.<sup>5</sup> Therefore it begs the question: who is this policy benefiting, how much does it cost, and does this policy reflect Oregon’s values?

While the Mortgage Interest Deduction stands to potentially benefit first-time homebuyers, it also stands to further enrich Oregon’s most wealthy households. The Mortgage Interest Deduction, which was implemented over 100 years ago, underwent its first audit in 2022. The Department of Revenue’s audit revealed Oregon’s Mortgage Interest Deduction to be the “largest housing-related tax expenditure and seventh largest overall.”<sup>6</sup> Other key findings from the report state that the Mortgage Interest Deduction “is designed in a way that systematically benefits higher income” homeowners, and that “roughly 18,000 taxpayers with incomes in the top 1% received more benefit from the Mortgage Interest Deduction than the 727,000 taxpayers in the bottom 40% combined.”<sup>7</sup> These numbers indicate that those who are least vulnerable to economic shock are the greatest recipients of Oregon’s biggest housing subsidy.

Senate Bill 976 seeks to reform Oregon’s Mortgage Interest Deduction to prevent waste and dedicate funding to those families that are in the greatest need of support in achieving homeownership or avoiding homelessness. First, Senate Bill 976 continues to allow most households to deduct mortgage interest. For most families across the state, Senate Bill 976 will result in no change in their tax obligations. Only when incomes rise beyond \$200,000 in adjusted gross income for the year will the mortgage interest deduction begin to phase out. For households with incomes over \$250,000 the Mortgage Interest Deduction will be completely phased out. Second, the Mortgage Interest Deduction will be disallowed for any home other than the taxpayer’s primary residence. This means that Oregon will no longer subsidize vacation homes or second homes. All saved revenue that would otherwise be foregone will be dedicated to a fund to promote existing programs used to promote homeownership for families with lower incomes and to address our state’s continuing housing and homelessness crisis.

Budgets reflect our values. It is raining now for many Oregonians struggling with rapidly rising rental costs, and many more who are one paycheck away from losing their home. When the largest housing subsidy in Oregon, to the tune of over \$1 billion dollars has gone unquestioned for nearly a hundred years to the top 1% of Oregonians, it demonstrates a history of Oregon policy de-prioritizing those who are suffering and need a hand up the most. Tax expenditures must be viewed through an equity and racial justice lens so that all Oregonians benefit. A lopsided policy that primarily enriches the bank accounts of the top 1% of Oregonians is not only woefully regressive, but inherently racist in how it strips wealth from communities of color. Oregon’s lack of housing affordability is a clear reflection of a century with this regressive policy. Although it is 100 years late, the Oregon Legislature must immediately act to correct this injustice. Not correcting this injustice will result in further divestment and will continue to exasperate the housing crisis. Senate Bill 976 is a common-sense piece of legislation that realigns Oregon’s tax code with its stated values. Now more than ever we need an Oregon

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<sup>5</sup> Congressional Research Service, [Tax Expenditures: Compendium of Background Material on Individual Provisions](#), 2020, Pg. 325.

<sup>6</sup> Department of Revenue, [Without Legislative Action the Mortgage Interest Deduction Will Remain Regressive and Inequitable](#), 2022, pg.2.

<sup>7</sup> Department of Revenue, [Without Legislative Action the Mortgage Interest Deduction Will Remain Regressive and Inequitable](#), 2022, pg.2.



**Urban League**  
of Portland

*Empowering Communities. Changing Lives.*

which works for all Oregonians, not just the wealthiest among us. The Urban League of Portland urges your support for Senate Bill 976. Thank you for your time.

Respectfully,

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