

DRAFT 1st reading
A RESOLUTION OF THE DEMOCRATIC PARTY OF
WASHINGTON COUNTY, OREGON
WashCoDems 2016-021

Regarding Support for Improving the Equitability of Oregon's Mortgage Interest Tax Deduction

WHEREAS the current Oregon Mortgage Interest Tax Deduction provides the largest benefits to those with the least need, such that approximately 61% of the benefits go to the top 20% of Oregon taxpayers; and

WHEREAS, currently, Oregon taxpayers can deduct the interest on mortgage debt of up to \$1 Million on both principal and on second homes and up to \$100,000 on a home equity loan; and

WHEREAS, statewide, only 1.9% of all mortgage loans in 2012-2014 were greater than \$500,000, and only 3.2% were higher in Multnomah County, the County with the highest average home sale price; and

WHEREAS under the current rules a mortgage interest tax deduction requires the taxpayer to itemize deductions for both federal and state returns, a condition that does not apply to many low income homeowners; and

WHEREAS The Oregon mortgage interest tax deduction is estimated to cost the state between \$350 and \$500 Million annually, equal to or greater than the Oregon Housing and Community Services budget of approximately \$340 Million; and

WHEREAS the Oregon Center for Public Policy (OCPP) and Oregon Opportunity Network (OregonON) are currently studying specific legislative proposals to reduce this current inequity and also to provide more financial resources to address Oregon's housing crisis; and

WHEREAS, as an example, a simple capping of the mortgage debt to \$500,000 and setting a fixed rate of 5% has the potential to generate an additional \$15-\$20 Million annually; and

WHEREAS under the example listed, a person with a \$450,000 mortgage on an \$800,000 home would see no change; and

WHEREAS potential changes to the Oregon deduction rules would have no impact on U.S. federal mortgage interest tax deductions:

THEREFORE, BE IT RESOLVED BY THE DEMOCRATIC PARTY OF WASHINGTON COUNTY (DPWC) THAT:

- 1) The DPWC endorses the OregonON and OCPP efforts to identify sound legislative initiatives that will make the Oregon mortgage interest tax deduction more equitable and effective
- 2) The DPWC supports the concept of using additional revenues generated by such initiatives to address Oregon's housing crisis, including proven programs to increase

access to home ownership, to build and preserve affordable rental units, and/or to reduce homelessness.

Draft Submitted: August 2016, Platform & Resolutions Chair; Approved by P&RC for 1st Reading, 2 August 2016; amended on line, 15 August, 2016.