Testimony in support of HB 2006

Thank you, Chair Alissa Keny-Guyer and members of the committee. I am Charlie Swanson, a health care and democracy advocate testifying in support of HB 2006.

Income and wealth inequality are among the most serious problems affecting our nation, and indeed the world. Among the problems that these exacerbate is housing, which is such an important social determinate of health, and which is becoming a fast growing problem in Oregon.

HB 2006 has a number of provisions which address these things, at least to a small extent. Removing a deduction for "vacation homes" is a very good provision – Oregon tax payers should not be forced to subsidize such activity with a tax expenditure. Eliminating the mortgage deduction for high-income taxpayers and limiting the deduction for those who are purchasing a very expensive home are also very good provisions which tend to mitigate inequality. I also strongly support earmarking funds to the Home Ownership Assistance Account, the General Housing Account, and the Emergency Housing Account, all of which can directly offer more help to those who need it.

But it appears to me that section 1(1)(d)(C)(i), lines 35-37 on p. 2, creates a step which could cause an increase in income leading to a decrease in after tax income – a result that no tax code should allow. For example, if I am understanding correctly, a single filer with an AGI of $99,999 and a $15,000 mortgage interest payment on their principle residence could claim the full $15,000 deduction. But if their AGI were $100,001, they could claim none of it. That would mean a $2 increase in AGI would result in a $1,425 increase in taxes. In general, I think all steps in taxes should be eliminated and replaced with smooth transitions (marginal tax rates do this well). At least the steps should be very small.

There are many ways a smooth transition could be created in this case. For example, a simple transition could be created over a $30,000 AGI range – for a joint return with AGI under $200,000, limit the Oregon deduction to the least of the federal deduction, $15,000, or (200,000 – AGI)/2.

Thank you for considering my thoughts, and thank you for the opportunity to testify today.

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