

**To: House Committee on Human Services and Housing**  
**From: Donna L. Cohen, Portland, OR**  
**Date March 11, 2019**  
**Re: HB 3349**

Thank you, and it's good to be here. My name is Donna Cohen and I live in Portland. I am semi-retired and conduct Civics workshops for adults at libraries in Oregon.

15 years ago, I was the beneficiary of a first-time homeowner program. I'm thankful every day for my house. Here are some of its impacts:

- **Financial stability** [I honestly don't know where I'd be were I to be renting now.]
- **Asset building** – I will probably need a reverse mortgage at some point, but I have **lots of equity** now.
- I can have pets and I can foster pets.
- I like to do woodworking; now I have a shop in my garage.
- **I am physically healthier.** After moving in I realized I was in no shape to do the work I wanted to do around my home and yard, so I started taking exercise classes.
- I have connected with my community around neighborhood issues and have been **instrumental in improving traffic safety** and also in **improving the design of our high school remodel.**
- I work with my community on **affordable housing issues as part of the St Johns Housing Committee.**
- Overall, I am happier, more productive, less stressed and able to contribute so much more to society.



My little house.

The mortgage interest deduction is a **government subsidy**. Funny, how some people don't like that term. But it is, and the higher your income is, the bigger your house, the bigger your loan, the bigger your government subsidy. Renters, and homeowners who don't itemize, of course, get no subsidy! BTW, did you know that Oregon used to have a **renter's rebate**? Depending on your income and rent you could get a tax credit for a portion of your rent costs.

And, a deduction on second homes?! When so many people have no home or are housing-burdened there is simply no justification for that!

Did you know that when the first income tax it was instituted in 1913, the Mortgage Interest Deduction was simply a fluke, because no interest was taxed? The focus was business and investment interest but mortgage interest got a free ride. [1]

The mortgage interest deduction is a bad habit that we can't seem to break. Politicians on the right and the left have been suggesting alternatives for years. We can take some positive steps for equity with this bill.

This is from a conservative think tank, the Mercatus Center: "If the main proposed benefit of the mortgage interest deduction, increased homeownership, is small or nonexistent, the case for the deduction is significantly weakened...the case is weakened further...because this deduction favors those with high incomes, high marginal tax rates, and many other itemized deductions. **The distribution of income is skewed in favor of the wealthy...This outcome may further the popular notion that the entire system is rigged in favor of the wealthy.**" [2]

HB 3349 is a well-thought out, moderate bill which should be a slam-dunk for this committee and legislature.

[1] *[Reforming the Mortgage Interest Deduction. Toder, Turner et al. April 2010. Urban Institute et al.]*

[2] *[The Home Mortgage Interest Deduction. Horpedahl and Searles. Mercatus Center. George Mason University. Jan. 2013.]*