

**HB 3349 A STAFF MEASURE SUMMARY**

**House Committee On Human Services and Housing**

---

**Action Date:** 03/25/19

**Action:** Do pass with amendments  
and be referred to Revenue by prior reference. (Printed A-Eng.)

**Vote:** 5-3-1-0

**Yeas:** 5 - Keny-Guyer, Mitchell, Sanchez, Schouten, Williams

**Nays:** 3 - Meek, Noble, Zika

**Exc:** 1 - Helt

**Fiscal:** Fiscal impact issued

**Revenue:** Revenue impact issued

**Prepared By:** Amie FenderSosa, LPRO Analyst

**Meeting Dates:** 3/11, 3/20, 3/25

---

**WHAT THE MEASURE DOES:**

Disallows, for purposes of personal income taxation, mortgage interest deduction for residence other than taxpayer's principal residence. Phases out allowable deduction for interest for principal residence based on taxpayer's federally adjusted gross income. Specifies conditions under which a deduction for qualified residence interest paid or accrued on indebtedness, with respect to a qualified residence other than the taxpayer's principal residence, can be included in the taxpayer's itemized deduction. Disallows deduction for principal residence above threshold amount. Requires Oregon Housing Opportunity Account be administered by Oregon Housing and Community Services. Requires Oregon Housing Stability Council to develop policies to distribute moneys from Account to promote affordable home ownership options and for programs that prevent homelessness. Establishes Account in State Treasury. Directs Department of Revenue to transfer amounts equal to the estimated increase in revenue attributable to restrictions on the deduction of mortgage interest to accounts in the Oregon Housing Fund beginning December 31, 2020. Applies to tax years beginning on or after January 1, 2019. Takes effect on 91st day following adjournment sine die.

**ISSUES DISCUSSED:**

- Income levels of families that benefit from government housing subsidies
- Benefits of home ownership
- Number of students who experience homelessness
- Allowances for persons who temporarily own two homes because they have purchased a new primary residence and are waiting for the former primary residence to sell
- Percentage of homeowners who would be effected
- Using a business deduction for rental properties
- Current homeowners' reliance on availability of personal income deduction

**EFFECT OF AMENDMENT:**

Requires Oregon Housing Opportunity Account be administered by Oregon Housing and Community Services. Requires Oregon Housing Stability Council to develop policies to distribute moneys from Account to promote affordable home ownership options and for programs that prevent homelessness. Establishes Account in State Treasury. Directs Department of Revenue to transfer amounts equal to the estimated increase in revenue attributable to restrictions on the deduction of mortgage interest to accounts in the Oregon Housing Fund beginning December 31, 2020.

## **HB 3349 A STAFF MEASURE SUMMARY**

### **BACKGROUND:**

Oregon Department of Revenue regulations allow certain modifications or subtractions from federal taxable income for Oregon income tax filers. Examples of these modifications and subtractions include amounts such as interest dividends, foreign income taxes, and medical expenses of elderly individuals.

House Bill 3349-A disallows specified mortgage interest deductions from Oregon personal income taxation.