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Testimony in Opposition to House Bill 2578 House Revenue Committee

March 10, 2021

Chair Fahey, Vice Chair Campos, Vice Chair Morgan and members of the committee, thank you for the opportunity to provide written testimony in opposition to House Bill 2578. The Oregon Bankers Association, along with its sister organization the Community Banks of Oregon, represents state and national FDIC-insured banks doing business in the State of Oregon.

By way of background, banks are the premier commercial lenders in Oregon, but they are also significant providers of residential mortgages, making over 44,000 home loans to Oregonians annually. Banks also employ 20,000 Oregonians at 944 accessible locations in Oregon. Annually, these same banks support over 1,000 nonprofits and community organizations in Oregon through \$20.7 million in cash donations and 225,600 volunteer hours.

Throughout the COVID-19 pandemic, Oregon's banks have provided extraordinary assistance to impacted Oregon families and businesses. Some of this assistance was in partnership with the state and federal government, including origination of 85% of the Paycheck Protection Program loans to more than 70,000 Oregon businesses. Less visible has been the assistance banks have provided every day to their customers and communities, including extensive payment deferrals, fee waivers, loan modifications and emergency assistance. From housing families displaced by wildfires to restructuring debt for COVID-impacted small businesses, Oregon's banks have gone above and beyond to assist our state during the past year. We will continue to do so in the year ahead.

The Oregon Bankers Association is concerned about the impact HB 2578 will have on home ownership in the state of Oregon and respectfully ask you to oppose the bill. Of note:

- The mortgage interest deduction promotes home ownership throughout Oregon, and homeownership is one of the ways families successfully build wealth.
- Despite the COVID-19 pandemic, the median price of homes continues to rise in many regions of Oregon. The income levels necessary to maintain a home have risen as well. For some, the mortgage interest deduction is the differentiator that makes home ownership possible. Now is not the time to curtail this homeownership assistance.
- Passage of HB 2578 would disincentivize current homeowners from moving beyond starter homes, which Oregon needs in order to open up existing housing stock to new homebuyers with lower incomes. This ripple effect could make housing availability even more problematic in our state.
- While HB 2578 contains many admirable programs that would be funded by a change to the mortgage interest deduction, there are no guarantees that future legislatures will use these dollars in the manner contemplated in the bill. The only guarantee is that homeowners will be hurt by loss of the deduction.

Please vote no on House Bill 2578.

If you have questions, please contact OBA Lobbyists Paul Cosgrove at (503) 799-5679 or Tim Martinez at (503) 510-9019.