

Mortgage Interest Deduction Phase Out

Senate Committee on Housing & Development

3/13/2023 | LRO



Mortgage Interest Deduction (MID)

- Personal income tax deduction
- Adjusted gross income (AGI)
- About 1/3rd of taxpayers claim deduction on Oregon tax return

Taxpayers Claiming the Mortgage Interest Deduction			
AGI Category	Tax Year 2020		
	Number	MID Amount	Avg. Ded.
≤ 50K	123,054	\$747,817,711	\$6,077
50 - 100K	194,271	\$1,418,768,042	\$7,303
100 - 125K	77,357	\$660,027,533	\$8,532
125 - 150K	54,596	\$508,482,878	\$9,314
150 - 175K	34,994	\$348,383,285	\$9,956
175 - 200K	24,876	\$266,291,681	\$10,705
200 - 225K	16,458	\$185,594,161	\$11,277
225 - 250K	11,687	\$136,607,012	\$11,689
250 - 275K	8,822	\$107,436,245	\$12,178
275 - 300K	6,527	\$81,794,211	\$12,532
300K+	33,550	\$495,780,094	\$14,777
Total	586,192	\$4,956,982,853	\$8,456

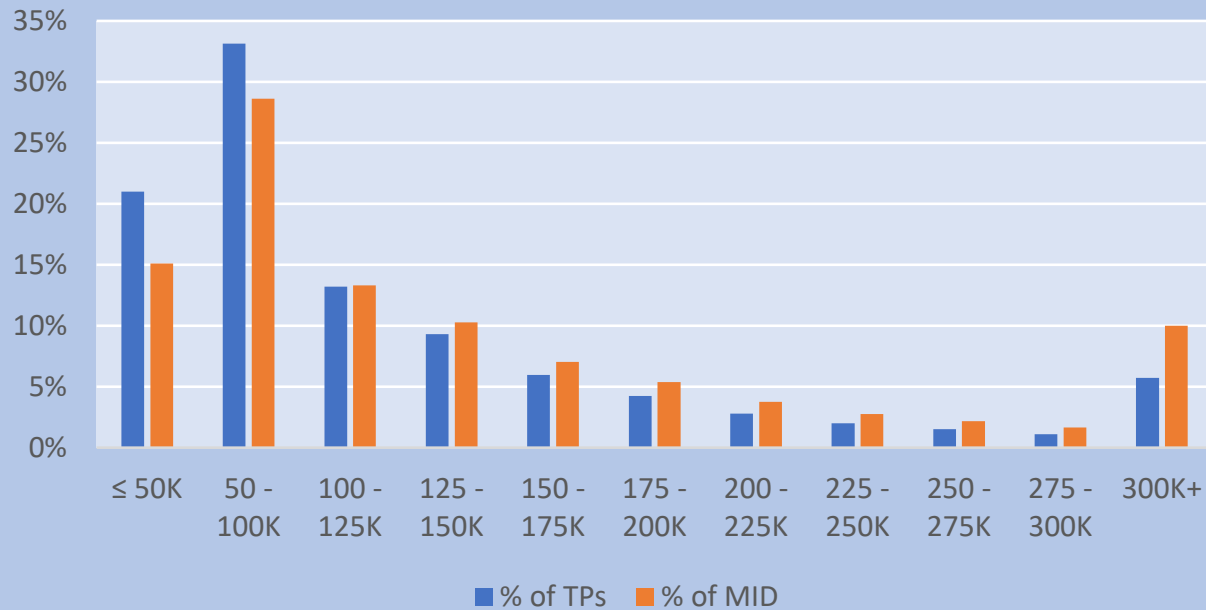
Source: Department of Revenue



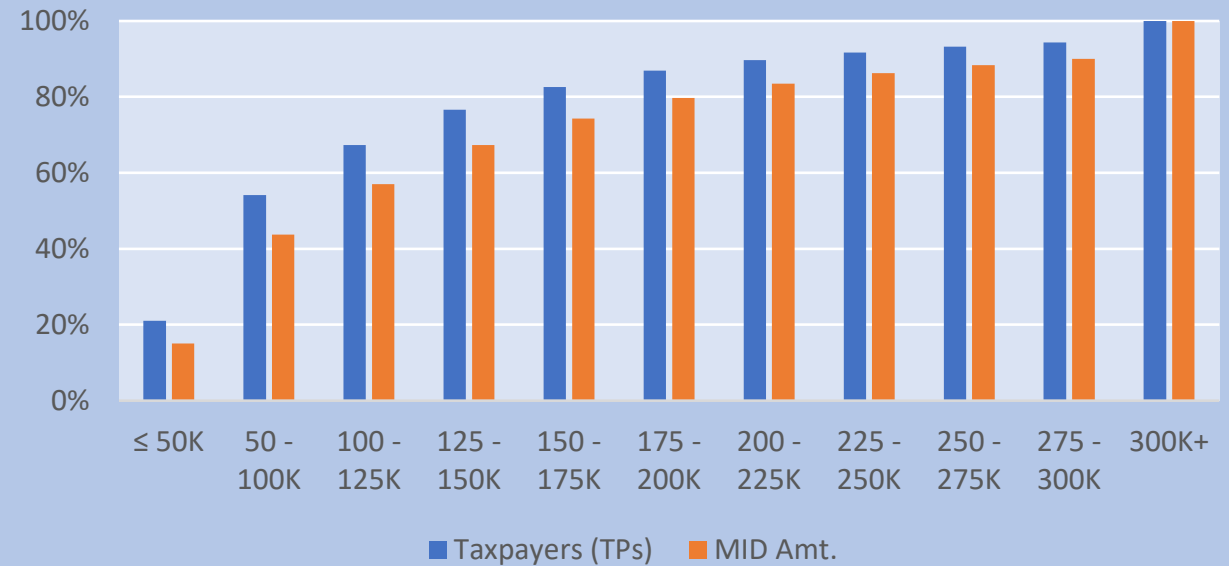


Distribution of Taxpayers Claiming the MID

2020 Taxpayers Claiming MID by AGI



2020 Taxpayers Claiming MID by AGI
Cumulative Percentages





Policy Options & Preliminary Revenue Estimates

- MID reduced at start of phase-out range and fully phased out above phase-out range
- Uncertainty: interest rates and housing

Potential Impact of Phasing Out Mortgage Interest Deduction				
AGI Phase Out Range	% of Imp. Taxpayers	% of MID Reduced	Est. Rev. to Transfer (\$M's)	
			2025-27	2027-29
125K - 175K	16%	51%	\$525	\$621
150K - 200K	12%	41%	\$421	\$501
175K - 225K	9%	33%	\$338	\$403
200K - 250K	7%	27%	\$276	\$328
225K - 275K	6%	22%	\$229	\$271
250K - 300K	4%	19%	\$193	\$227
275K - 325K	4%	16%	\$164	\$193
300K - 350K	3%	14%	\$142	\$165



Legislative Revenue Office

<https://www.oregonlegislature.gov/lro>

503-986-1266

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