

Submitter: Michael Kerlinger

On Behalf Of:

Committee: House Committee On Revenue

Measure, Appointment or Topic: HB4136

The MID is Oregon's only tax policy making homeownership more affordable for all Oregonians. Mortgage interest is the largest component of housing costs for most homeowners. The MID is already capped at \$750k in combined mortgage debt and is only available for primary and second homes for personal use. It does not apply to rentals or third homes. Eliminating or reducing the MID won't just affect future buyers - it will hit current homeowners who are locked into their mortgages, stripping away deductions they rely on to manage fixed costs. Limiting the MID for first or second homeowners gives a further advantage to wealthy cash buyers and investors.

Mortgage holders already pay 3x more in monthly housing costs than cash buyers. Eliminating the MID for 2nd homes would make it harder for people who split time in two locations because of work, family or retirement, adding another blow to Oregon's ability to attract and retain people in the face of slowing population growth and declining competitiveness. Finally, while eliminating the MID will only be a drop in the bucket in regards to reconciling Oregon's budget, it could be a significant challenge for many Oregon homeowners; creating such a significant barrier for individuals while having such an insignificant impact on the overall budget is not a fiscally reasonable or responsible decision.