
April 10, 2023

To: Senator Mark Meek, Chair, Senate Committee on Finance and Revenue

Re: SB 976 - Mortgage Interest Deduction Reform - Support

The League of Women Voters of Deschutes County urges your support for SB 976, legislation that would rebalance the mortgage interest deduction to support more Oregonians in achieving housing stability and homeownership. In Deschutes County the cost to rent or buy a home has become out of sync with local wages. Many hard-working individuals and families struggle to have a stable home, homelessness is increasing, and businesses struggle to find and keep employees. Within Deschutes County, we have effective programs to assist community members with housing stability and homeownership opportunities, but these programs must have greater funding to meet the scale of need. SB 976 is common-sense legislation to support these much-needed housing solutions in Deschutes County.

Oregon's current mortgage interest deduction is the state's biggest housing expenditure, costing roughly \$900 million dollars each budget period. A 2022 audit by the Oregon Secretary of State's office revealed that the MID subsidy disproportionately favors urban and affluent homeowners – those who do not need the subsidy to own a home.

SB 976 seeks to reform Oregon's mortgage interest deduction to prevent waste and dedicate funding to those families that are in the greatest need of support in achieving homeownership or avoiding homelessness. SB 976 will not change the mortgage interest deduction for most Oregonians. Only when incomes rise beyond \$200,000 in adjusted gross annual income will the mortgage interest

deduction begin to phase out. For households with incomes over \$250,000 the mortgage interest deduction will be completely phased out. Also, the mortgage interest deduction will be disallowed for any home other than the taxpayer's primary residence. This means that Oregon will no longer subsidize vacation homes or second homes.

By modifying the deduction, funds can be redirected to the Oregon Housing Opportunity Account to be administered by Oregon Housing and Community Services. The resources can be put to good use by promoting affordable homeownership for low- and moderate-income households, people of color, and community members with disabilities by providing loans, down payment assistance, and foreclosure counseling. The resources can also be used to prevent homelessness through rental assistance and other services for those on the brink of losing their homes. Capacity building, technical assistance, and training will address the needs of rural communities and address racial disparities in home ownership. The funds can replace aging and deteriorating manufactured homes and park infrastructure. Programs supported under this bill can significantly address and help prevent homelessness in our state.

When so many families and individuals have no place to live, or struggle under housing cost burden, the time is right to redirect some of the resources from the deduction towards solutions to our housing crisis.

We urge your support for SB 976. Thank you for the opportunity to comment on this legislation.

Sincerely,

Carol Loesche

LWVDC President