

Submitter: Patrick Iler
On Behalf Of:
Committee: House Committee On Revenue
Measure, Appointment or Topic: HB4136
Re: Support for HB 4136

Dear Chair Nathanson, Vice-Chairs Werner Reschke and Walters, and Members of the Committee:

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.

I respectfully urge you to oppose HB 4136. While funding down payment assistance is important, taking away tax deductions that help Oregonians afford their mortgage is not the right way to pay for it.

Oregonians who have already purchased their homes are locked into their mortgage payments. Taking the mortgage interest deduction away from them now is unfair and puts them at financial risk. For new homebuyers, the mortgage interest deduction makes it possible to afford a home at today's high prices and interest rates.

Limiting the mortgage interest deduction—whether for first or second homes—doesn't target "the rich." It simply gives an advantage to investors and wealthy buyers who pay cash for homes over Oregonians who purchase homes using a mortgage.

The federal government—and Oregon—already put major limits on the Mortgage

Interest Deduction in 2025. Federal and Oregon law now permanently cap deductible mortgage interest at \$750,000. This includes combined mortgage debt from a primary residence, second home and any home equity loans used for home improvements. Oregon shouldn't pass any further restrictions on the deductibility of mortgage interest—whether for first homes or second homes.

Many of my clients have benefited from the Mortgage Interest Deduction by being able to provide housing to family members facing hardships and others for various reasons, not just to make money. Limiting the mortgage interest deduction could actually create potential hardships and even reduce available housing.

Please don't make it more expensive to purchase and own a home in Oregon. I urge you to oppose HB 4136 and any proposed changes to the Mortgage Interest Deduction this legislative session.

I respectfully urge the committee to oppose HB 4136. Thank you for your time and thoughtful consideration.

Respectfully,

Patrick Iler
Central Point