

JEFF GOLDEN
STATE SENATOR
DISTRICT 3



OREGON STATE SENATE

April 2, 2021

Dear ,

Yours was one of quite a few form emails I received opposing proposed changes to income tax deductions for interest paid on property mortgages. I appreciate getting the views of the people I represent on this issue and others.

At the start, I'd like to be clear on the facts of the measure: if this measure passes, the deduction would stay unchanged on the prime residence of people earning less than \$200,000/year, and would be partially available for people earning up to \$250,000. The deduction would be discontinued on second, third, fourth, etc, homes they may own, but mortgage interest is still deductible as a business expense if they rent those houses out. And in any case, the federal tax breaks will remain unchanged.

I fully understand why you'd like this tax provision to continue forward as-is, because I myself have benefitted from it over many years in the past. Most tax breaks seem to be largely restricted to the highest-income taxpayers, while this one is shared by middle-income people as well. I want to be clear why I would be inclined to vote for a change like this nevertheless.

One of Oregon's greatest challenges by far, the one that could cost the people of our state endless billions of dollars in years to come in all kinds of social services, is housing. The growing number of people, not just in Oregon but nationally, will inevitably increase the need for mental health, addiction, education, public health and public safety (police, courts, prisons) services. Without a steady home to take care of their families, it's exceptionally difficult for people to be responsible and safe members of society. The data on that is very clear.

We already have some programs to help people with housing, but with the various long- and short-term economic crises out there, we're falling behind—our numbers of homeless are flat or increasing. Avoiding larger and larger costs down the line will take more investment now, and that's where the revenue that will be saved by these proposals would go.

The cost to Oregon tax payers of offering these deductions on people's second, third or fourth homes, and on the primary homes of people earning more than \$250,000/year, runs into the hundreds of millions of dollars. Here's how I see it: *These deductions are the biggest way that we're subsidizing housing in Oregon today.* Do we want to use public dollars in that kind of subsidy, or to expand our assistance to people struggling mightily to keep a roof over their families' heads?

The natural answer to that is probably "Let's do both." I'd very much like to continue the mortgage deduction as-is AND provide realistic resources to help keep people housed, but it's pretty much impossible to see that happening. This is one of many areas of hard choices. More and more I'm leaning towards helping people who are ready to help themselves find and maintain reliable housing, over maintaining tax breaks for people on their second or third homes, or, if they have an income that gives them strong housing stability, on their first.

I respect the fact that you might have a different perspective on this. I hope you'll continue to contact me with your thoughts, as I always strive to keep my mind open, because the important circumstances are always changing. My best to you,