**REP. DAN RAYFIELD TO TACKLE BURDEN OF STUDENT LOAN DEBT**

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Salem — Representative Dan Rayfield (D-Corvallis), has filed a legislative bill that will provide relief to Oregonians with student debt and is intended to help rebuild the middle class.

House Bill 3342 will create a new $3,500 deduction on Oregon taxes for interest paid on student loans. There is currently a $2,500 federal deduction for interest on student loan debt. The new deduction will stack on top of the existing federal deduction increasing the amount Oregonians will be able to deduct to $6,000.

“Students are coming out of technical school and college with increasing debt and starting off life further behind the ball than prior generations. This disadvantage increases wealth disparity, stymies retirement savings, and prohibits and delays home ownership. This bill is merely the start of a larger conversation to reverse the trend,” said Rayfield.

The Federal Reserve Bank of New York’s Consumer Credit Panel recently examined the connection between student loan debt and homeownership. The panel found that for the first time in more than ten years, 30 year olds without a history of student loan debt have a higher rate of home ownership than those with student loan debt. The panel further noted, “The growth in student loan debt, with its monthly cost and high delinquency and default rate, seems to be reducing both household formation and homeownership.”

“Over four years, this bill will put approximately 29 million dollars into the hands of the Oregonians that aren't buying homes, aren't saving for retirement, and are starting families,” said Rayfield.

The bill strives to have minimal impact on the budget by placing a $35,750 cap on the amount of home mortgage interest Oregonians are allowed to deduct on their taxes. The $35,750 dollar figure roughly equals the amount of interest accrued during the first year of an $800,000 loan at an interest rate of 4.5 percent. According to estimates provided by the legislative revenue office, the cap is expected to affect less than 1 percent of all households that apply for the home mortgage deduction. Individuals will still be able to deduct interest on multiple homes for investment purposes under the bill.

“It doesn't make sense that someone who is just starting out in life with student loan debt can only deduct $2,500 of their interest, yet someone established in life with a $1,000,000 home can deduct all the interest on their mortgage,” said Rayfield.

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