



HB 4136: Mortgage Interest Deduction for second homes

House Revenue Committee – Britt Conroy – 2.16.2025

Chair Nathanson, Co-Chairs Reschke and Walters and Members of the Committee,

My name is Britt Conroy, and I am here today on behalf of Tax Fairness Oregon. TFO urges passage of HB 4136, which would finally end our state's long-standing practice of subsidizing vacation home mortgages. This is a good first step toward preserving precious general fund dollars for far more pressing needs.

We urge this or future Revenue committees to go further, however, given the pressures on our state's General Fund to address homelessness, hunger and more. When it comes to the MID, households earning over \$300,000 per year pulled down *nearly \$100m* in primary and second home tax benefits during the 2020-2021 biennium – funds that could have been put to increasing homeownership rates and helping kids and families avoid homelessness.

Oregon's mortgage interest deduction is not only the state's most expensive housing program, it is the only one we are aware of that is not means-tested in the slightest. And a homeowner can continue to enjoy both the federal and state MID for as long as they are paying interest on a qualifying mortgage, whether that mortgage is on a modest first home or on the luxury homes featured at the Home Building Association's annual Street of Dreams event.

Looking at other housing programs, we rightly require participants to income-qualify. Whether it is the long list of federal, state and local down payment assistance programs, energy efficiency retrofit programs or other housing initiatives, means-testing ensures limited tax dollars are prioritized for those most in need.

A good reference point to start an MID means-testing conversation would be HB 4051, chief sponsored by Co-Chair Reschke and Sen. Drazan, and scheduled for a hearing later this week. The bill would create a home loan program for properties below the *median* home value for the buyer's county. Median value, not limitless value.

We see HB 4136 as a way to pay for far greater community needs.
Thank you for your consideration

We read the bills and follow the money