

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
80th Oregon Legislative Assembly
2019 Regular Session
Legislative Revenue Office

Bill Number:	HB 3349
Revenue Area:	Personal Income Tax
Economist:	Kyle Easton
Date:	3/15/2019

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description:

Disallows, for purposes of Oregon personal income taxation, mortgage interest deduction for residence other than taxpayer's principal residence. For taxpayers with adjusted gross income in excess of \$250,000, disallows mortgage interest deduction for interest paid or accrued on indebtedness of taxpayer's principal residence. Linearly phases out mortgage interest deduction for taxpayers with adjusted gross income in excess of \$200,000 but not in excess of \$250,000. Applies to tax years beginning on or after January 1, 2019.

Directs Department of Revenue to transfer amounts equal to the estimated increase in revenue attributable to restrictions on the deduction of mortgage interest, to accounts in the Oregon Housing Fund beginning July 1, 2020.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2019-20	2020-21	2019-21	2021-23	2023-25
	70	80	150	170	190

Impact Explanation:

Elimination and/or phase-out of the mortgage interest deduction for taxpayers with an adjusted gross income greater than \$200,000, coupled with the elimination of the deduction for non-principal residences, will increase tax liability of personal income taxpayers as displayed in revenue impact table. On average, measure would eliminate or limit the mortgage interest deduction for about 70,000 taxpayers per year.

Measure prescribes distribution of estimated increase in revenue resulting from mortgage interest deduction limitations. Date requiring estimation of amount to be distributed may cause amounts actually distributed to not align with biennial estimates of revenue change as displayed in the table above.

Further Analysis Required

This measure has a subsequent referral to the House Revenue Committee. A more complete revenue impact statement will be developed at that time.

Creates, Extends, or Expands Tax Expenditure: Yes No

Further Analysis Required

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