

NAR Legislative Talking Points

Mortgage Interest Deduction

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NAR Position

- As the leading advocate for housing and homeownership, NAR firmly believes that the mortgage interest deduction (MID) is vital to the stability of the American housing market and economy.
- NAR is actively engaged to ensure that the nation's 75 million home owners will continue to receive this important benefit, and we will remain vigilant in opposing any plan that modifies or excludes the deductibility of mortgage interest.

Changes now could hurt recovery

- Progress has been made recently in bringing stability to the housing market – any changes to the MID now or in the future could place the housing market and the broader economy under stress, destroying wealth accumulation that is the foundation for a healthy middle class.
- Reducing or eliminating the MID could tip the economy into another recession resulting in further job losses for the country, and could effectively close the door on the American dream.

How could changes affect homeowner taxes?

- Reducing or eliminating the MID is a de facto tax increase on homeowners.
- Home owners already pay 80 to 90 percent of U.S. federal income tax, and this share could rise to 95 percent if the MID is eliminated.
- The MID benefits primarily middle- and lower income families:
 - 65 percent of families who claim the MID earn less than \$100,000 per year.
 - 91 percent who claim the benefit earn less than \$200,000 per year.
- Nearly nine out of 10 home buyers must borrow money to buy a home. For people who don't have hundreds of thousands of dollars in savings to buy a home outright, tax benefits like the MID help them begin building their future through home ownership.
- Replacing the MID with a tax credit or lowering rates would not necessarily reduce taxes for the middle class. And there is no guarantee a tax credit or reduced rates would remain in place in the future.

Changes to MID could destroy family wealth

- One thing that is indisputable is that removing the MID in the U.S. will adversely affect the wealth of middle- and lower income families and make it harder for them to achieve their dreams of homeownership.
- The wealth of most middle-class American families is connected to their home. Millions of Americans bought their homes with the understanding that mortgage interest is tax-deductible, and many of them have steadily paid down their mortgages to build equity in their home.
- Eliminating or reducing the MID would destroy the hard-earned equity of all home owners, independent of their tax filing status.

What about the deficit?

- It's ridiculous to say that the MID is suddenly part of the deficit problem – the MID has been part of the federal tax code for nearly 100 years.