

# NAR Issue Brief

## Tax Reform Talking Points

**NAR is OPPOSED to the tax reform legislation unveiled in the House on November 2.** This bill is a direct threat to consumers, to homeowners and to our businesses. Not only will millions of homeowners not benefit from the proposal, many will get a tax increase. Additionally, homeowners could lose substantial equity from the more than 10% drop in home values likely to result if the bill is enacted.

### **What the Legislation Would Do:**

#### **Caps the mortgage interest deduction at \$500K for new mortgages**

Cap applies to new mortgage debt (but not refinancing) incurred after November 2, 2017.

Limit is *not indexed to inflation* causing its value to even further diminish over time.

#### **Increases the standard deduction**

Puts homeownership tax incentives beyond the reach of more than 90% of American families.

#### **Limits the exemption on Capital Gains Tax from the sale of a primary residence**

New rules would require homeowners to live in their home for 5 of 8 years before a sale to qualify for the exemption, versus just 2 of previous 5 years today. This will create a hardship to homeowners who have to move inside that five-year window.

Exemption phases out for single filers with incomes over \$250K (\$500K for joint returns).

**Eliminates the deduction for state and local income or sales taxes.**

**Eliminates the Mortgage Interest Deduction for second homes.**

**Eliminates the deduction for moving expenses.**

**Eliminates the deduction on interest on student loans.**

**Eliminates the deduction for medical expenses, even for the elderly.**

**Eliminates the deduction for personal casualty losses, such as from hurricanes or wildfires.**

All this from a bill that is supposed to improve the current system. Not only is this legislation a clear and present danger to American homeownership, it will cost our children and grandchildren \$1.5 trillion in new federal debt.

- Millions of middle class homeowners would see a tax hike under this plan.
- This plan attacks homeownership and sticks future generations with a \$1.5 trillion price tag.
- America's homeowners should not pay for corporate tax cuts.
- Hard-working homeowners will lose money when their home values fall, while corporations will get a huge tax break.
- Homeowners in all 50 states would be double-taxed on the money they pay for state/local taxes.
- If you buy a home and then have to move within 5 years, you could be hit with a big tax bill under this plan.

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