



## RED ALERT

### C.A.R. Opposing Bill AB71 that Would Eliminate Mortgage Interest Deduction on Second Homes

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C.A.R. is OPPOSING UNLESS AMENDED AB 71 (Chiu) a bill that would eliminate the mortgage interest deduction for second homes to fund an increase in low-income housing tax credits. While C.A.R. supports increasing the amount of tax credits available for low-income housing, the association is opposed to doing so at the expense of the mortgage interest deduction for second homes. AB 71 will be voted on by the Assembly Revenue and Taxation Committee next Monday, May 15th. Your legislator is a member of that committee.

#### Action Item

- Call your Assembly Member TODAY.
- Call 800-798-6593, Enter Your NRDS ID or the generic PIN number for their Assembly Member urge him or her to oppose AB 71 if it is not amended to remove the funding provision concerning the Mortgage Interest Deduction.

Gipson	Rancho Southeast & South Bay	PIN Number 1250
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#### Background and Talking Points

While C.A.R. supports increasing the amount of tax credits available for low-income housing, we are opposed to doing so at the expense of the mortgage interest deduction for second homes

AB 71 (Chiu) would eliminate the mortgage interest deduction (MID) for second homes to fund an increase in low-income housing tax credits. If the MID were eliminated for second homes, **2,152 home sales would be lost** in the first year after implementation. The potential impact of the MID elimination is an economic loss of **\$180.2 million** to the state of California in the year following the implementation.

#### C.A.R. opposes changing the mortgage interest deduction because:

**The state shouldn't change the rules after the fact.** People made significant financial decisions, trusting that the mortgage interest deduction would be there to make the property affordable.

**The MID is already capped.** The amount of the mortgage interest deduction is already capped regardless of whether the taxpayer has one home or two homes. It's not right for government to dictate to homeowners how they can allocate their housing dollars!

**Second homes are not necessarily "vacation homes."** Someone faced with a one-way commute of an hour or more may choose to purchase a small condo near where they work in which to live during the workweek.

**Local economies and communities will suffer.** The economic health of the recreational areas of the state will be harmed by elimination of the mortgage interest deduction on second homes. Homeowners in those areas of the state are going to be hard pressed to find a buyer if the mortgage interest deduction on second homes is eliminated.

#### Using the MID as a piggybank sets a dangerous precedent. For More Information

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