

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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