AB 71 (Chiu) – Mortgage Interest Deduction for 2nd Homes –

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

CALL TODAY! VOTE COULD BE TOMORROW!

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 entire Assembly as soon as TOMORROW – Wednesday, May 31st.

Action Item

Urge your Assembly Member to Vote NO on AB 71
Call 1-800-798-6593
Enter your NRDS ID (or the Red Alert PIN number in the chart below) followed by the # sign to be connected to your legislator’s office.

When staff answers the phone, you can use the following script:
"Hi, this is (insert your name). I'm a constituent and a REALTOR®. Please ask the Assembly Member to Vote No on AB 71."

Also, if you use Twitter™, please Tweet the following:
Govt shouldn’t change the rules. <insert handle>, please protect the MID. #NoAB71

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<tr>
<th>Assembly Member</th>
<th>PIN Number</th>
<th>Twitter™ Handle</th>
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<tr>
<td>Marc Berman</td>
<td>8190</td>
<td>@Marc_Berman</td>
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<tr>
<td>Evan Low</td>
<td>1152</td>
<td>@Evan_Low</td>
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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

Contact DeAnn Kerr (deannk@car.org) or Rian Barrett (rianb@car.org).