



Congressman Tim Bishop

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BISHOP, ISRAEL TO CALL ON WHITE HOUSE TO REJECT TAX PANEL'S PROPOSAL TO REDUCE HOME MORTGAGE DEDUCTION

Tax Proposal is Full Scale Assault on Middle Class Long Island Homeowners

SMITHTOWN, NY -U.S. Reps. Tim Bishop (D-Southampton) and Steve Israel (D-Huntington), a member of the House Financial Services Committee, joined Gil Picard, President-elect of the Long Island Board of Realtors and other Long Islanders today to call on the Bush Administration to reject a White House tax advisory panel proposal that would reduce the home mortgage deduction.

"One of the most powerful incentives for the expansion and preservation of homeownership has been the deductibility of mortgage interest," Israel noted. "Reducing the interest deduction is a short sighted attempt to balance budgets on the backs of the middle class. I strongly urge the White House to reject any proposals limiting home mortgage deductions."

"Limiting the mortgage interest deduction for homes under \$300,000 when the average house in Suffolk County is worth \$400,000 puts the dream of homeownership that much farther out of reach for Long Island families," Bishop stated. "I do not understand how a panel assigned to recommend a fairer tax code could strike at the heart of what makes homeownership most affordable among middle-class families. With housing prices continuing to rise, I urge President Bush to reject any plan to lower mortgage deductions. Long Islanders are facing historic energy costs and soaring property taxes. What we need are more incentives, not disincentives."

Currently, an interest payment on up to \$1 million of first mortgage debt is deductible. According to published reports, the President's Advisory Panel on Federal Tax Reform is considering recommending that the figure be lowered to \$300,000. The median price of homes in Suffolk County is \$400,000 and \$500,000 in Nassau County. The panel, which was formed in January, is due to make its recommendations to the Treasury Department on Nov. 1.

Gil Picard, President-elect of the Long Island Board of Realtors stated, "The National Board of Realtors opposes any attempt to change the rules on deductions. Calling homeownership the American dream isn't just a slogan, but a bedrock value."

The benefits of homeownership and the mortgage interest deduction extend far beyond positive social effects; the fiscal benefits strengthen and stabilize our economy. Additionally, the mortgage interest deduction is an important tool for encouraging increased homeownership among those who might not otherwise be able to afford it. Already, in many localities the median price of a house is significantly above this threshold, which would mean depriving many working families of this crucial benefit.

Catherine Gentile, a Smithtown resident and the new Executive Director of the Smithtown Chamber of Commerce, recently purchased a home with a mortgage that is about \$300K. She spoke emphatically about the need to preserve the current deduction stating, "If my family is unable to deduct the full amount, it will severely harm my family's budget and eliminate our ability to do any home improvements."

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