



## Statement of Senator Dianne Feinstein on Bush Tax Panel's Recommendations

*- Recommendations would cost Californians \$31 billion -*

November 1, 2005

"The Bush Administration tax reform panel today made a series of recommendations that would cost California homeowners billions. These proposals are wrong-headed and should be steadfastly opposed. These proposals would put the dream of homeownership out of reach for many Californians. For many others, they would mean paying an additional tax of \$3,000 every year.

Here's what the Bush panel's proposals would do:

- Limit the home-mortgage deduction to interest paid on up to the first \$412,000 of a mortgage. For interest paid beyond that, nothing would be deductible.
- Eliminate the deduction for state and local taxes – this includes state and local income and property taxes.

This proposal would have little effect on homeowners in some states, where the cost of living is low and the average home goes for a mere \$147,000. But for a high-cost state like California where the average home now costs \$569,000, the impact of this proposal would be huge.

In Los Angeles County, for instance, the average new homebuyer would lose more than \$9,500 in tax deductions and pay more than \$3,100 in taxes every year.

And those with larger mortgages would pay even more. In San Francisco and Orange County, the average new homebuyer would lose over \$19,800 in deductions and pay more than \$6,500 in taxes.

In total, it would force Californians to pay \$31 billion more in taxes every year.

The federal government should be in the business of making home ownership more affordable, not less. This holds true for all Americans, but especially those in high-cost, high-tax States like California, which has one of the lowest homeownership rates in the country.

This is just one more example of the backwards priorities of the Bush Administration, which is continuing to push policies that benefit the wealthy at the expense of the middle class."

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