

Congress of the United States
House of Representatives
Washington, DC 20515

October 20, 2005

The Honorable Connie Mack, Chairman
The President's Advisory Panel on Federal Tax Reform
1440 New York Ave, NW
Suite 2100
Washington, DC 20220

Dear Senator Mack,

As Members of the House of Representatives, we write to express our concern regarding recent press accounts that you are considering including in your report a recommendation to limit the mortgage interest tax deduction. We would strongly oppose such a recommendation.

Since the enactment of the federal tax code in 1913, one of the most powerful incentives for the expansion and preservation of homeownership has been the deductibility of mortgage interest. The mortgage interest deduction is consistent with America's longstanding tradition of encouraging homeownership, which is the cornerstone of the American dream and a pillar of U.S. housing policy. As such, Executive Order 13369, which created the President's Advisory Panel on Federal Tax Reform states that your panel's recommendations should recognize "the importance of homeownership and charity in American society."

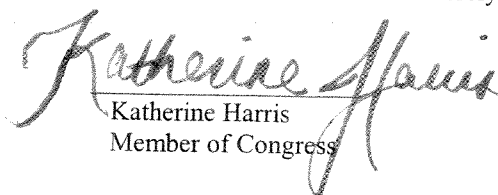
The benefits of homeownership and the mortgage interest deduction extend far beyond positive social effects; the fiscal benefits strengthen and stabilize our economy. Additionally, we believe the mortgage interest deduction is an important tool for encouraging increased homeownership among those who might not otherwise be able to afford it. This is especially true in today's housing market, as prices across the country have increased dramatically. Currently, 37 million taxpayers benefit from the mortgage interest deduction, saving these families \$70 billion annually. The savings resulting from this deduction are essential to many of these families, particularly in the first years of a new mortgage.

In asking that you keep the interests of homeowners at the forefront of your considerations, we are not asking you to do anything we have been unwilling to do ourselves. Initiatives to increase homeownership opportunities for all Americans have been a cornerstone of federal housing policy for several years, and those efforts have paid off. Over the past decade we have experienced historic homeownership rates, currently at 68.1%, and we remain committed to increasing the number of families that are capable of achieving this vital piece of the American dream. As a result of this commitment, in 2003 Congress passed and the President signed the American Dream Downpayment Act, which will help approximately 40,000 families each year with downpayment and closing costs while ensuring they are well educated on the homebuying process.

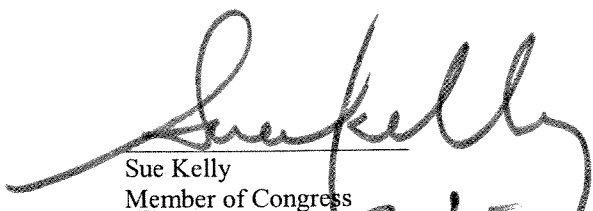
Once homeownership is achieved, we believe that all families should have equal access to its benefits. This includes maintaining the current standard of allowing all interest on any mortgage worth up to \$1 million to be deducted. Any recommendation to roll back this benefit would not only be in contradiction of the EO which created your commission, it would eliminate the equity with which homeowners are currently treated under our tax code. As such, we would strongly oppose any such recommendation.

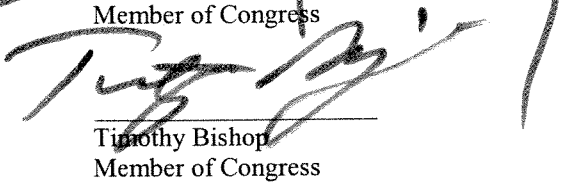
While we understand that you have been instructed to keep your recommendations revenue neutral, we encourage you to consider other options that do not hamper the ability of our constituents to achieve the American dream, which would bring about numerous negative social and economic ramifications. Thank you for your consideration and we look forward to your report.

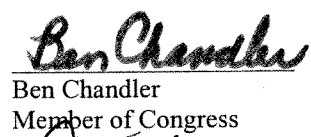
Sincerely,

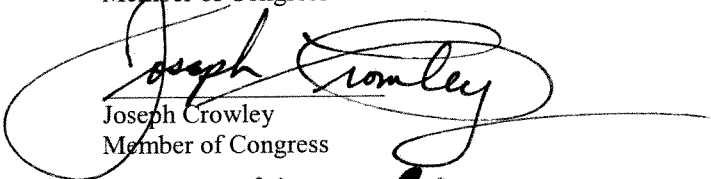

Katherine Harris
Member of Congress

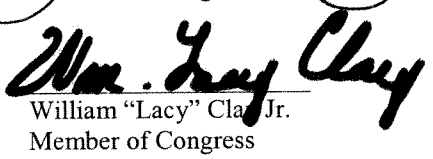

Steve Israel
Member of Congress

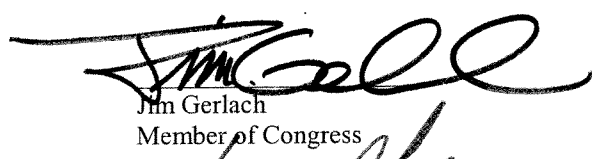

Sue Kelly
Member of Congress

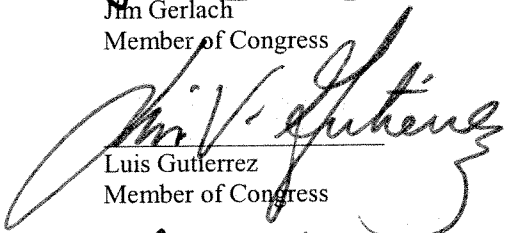

Timothy Bishop
Member of Congress

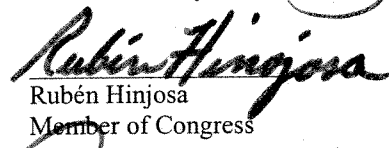

Ben Chandler
Member of Congress

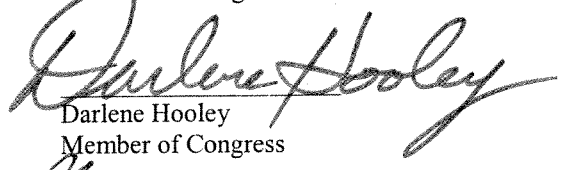

Joseph Crowley
Member of Congress

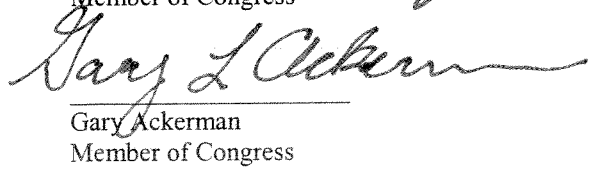

William "Lacy" Clay Jr.
Member of Congress

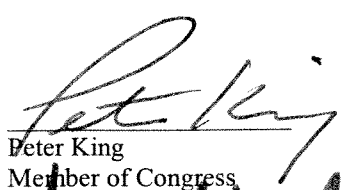

Jim Gerlach
Member of Congress

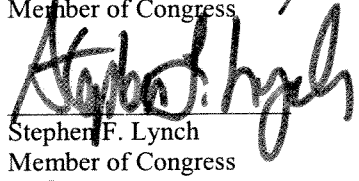

Luis Guterrez
Member of Congress

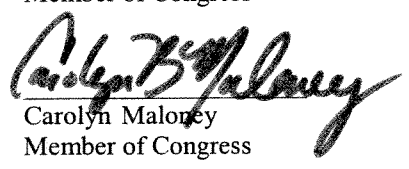

Rubén Hinojosa
Member of Congress

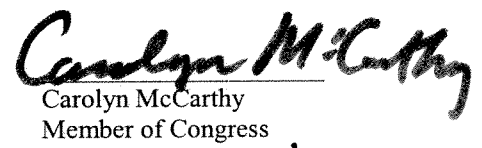

Darlene Hooley
Member of Congress

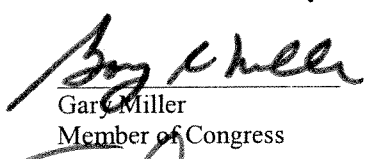

Gary Ackerman
Member of Congress

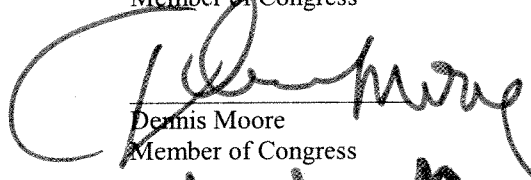

Peter King
Member of Congress

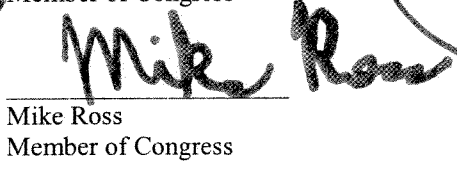

Stephen F. Lynch
Member of Congress

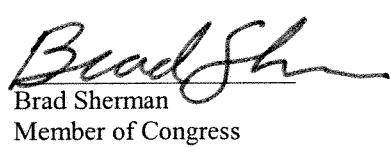

Carolyn Maloney
Member of Congress

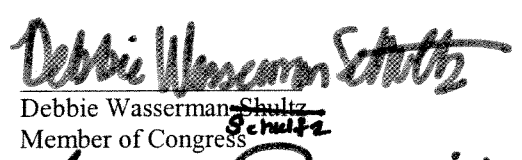

Carolyn McCarthy
Member of Congress

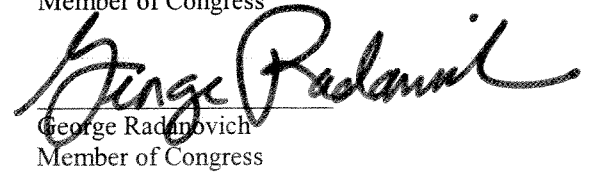

Gary Miller
Member of Congress


Dennis Moore
Member of Congress


Mike Ross
Member of Congress


Brad Sherman
Member of Congress


Debbie Wasserman Schultz
Member of Congress


George Radanovich
Member of Congress