

# Pennsylvania

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Of the approximately 3,383,000 owner-occupied houses in Pennsylvania in 2016, 60% had a mortgage. 7.3% of the housing units with a mortgage had a value higher than \$500,000 while 3.1% of the owners paid over \$10,000 for real estate taxes. Vacation homes accounted for 3.3% of the housing units in Pennsylvania.

## Facts on tax deductions

	Mortgage interest deduction claimants	Real estate taxes deduction claimants	Sales Tax deduction claimants*	Income taxes deduction claimants*	Student Loan deduction claimants
<b>Number of taxpayers claiming:</b>	1,346,400	1,593,800	170,800	1,570,600	651,900
	Mortgage interest deduction amount	Real estate taxes deduction amount	Sales Tax deduction amount*	Income taxes deduction amount*	Student loan deduction amount
<b>Average amount subtracted from taxable income:</b>	\$7,150	\$5,150	\$900	\$7,200	\$1,140
	Mortgage interest deduction savings	Real estate taxes deduction savings	Sales tax deduction savings*	Income taxes deduction savings*	Student loan deduction savings
<b>Average savings at 25% marginal rate:</b>	\$1,790	\$1,290	\$230	\$1,800	\$290

\*taxpayers can claim a deduction for state and local income taxes paid to other states.

(e.g. owning a rental property in another state, being a partner in an out-of-state partnership, being an S corporation shareholder and the corporation does most of the business in a state other than the state where you live etc.)

## Capital gains exemption

Under current tax framework, a typical owner, who has lived in his house for at least 2 years out of the last 5 years, will pay nothing in capital gain taxes if he sells his house. Under the proposed tax frameworks, owners need to live in their house for at least 5 out of the last 8 years in order to claim the exemption. Otherwise, they need to pay \$2,595 in capital gain taxes.

In 2016, 10.5% of owners in Pennsylvania have lived in their homes for 2-4 years. These owners will not be able anymore to take the exemption based on the proposed tax frameworks.

## Impact on housing prices

If both mortgage interest and real estate taxes deductions will be eliminated, home prices expect to fall from 10% to 15%. A decline in value as projected could mean a loss in home value of \$18,630 - \$27,950 for the typical homeowner.