



Horace C. Francis, CPA
200 W Mercer St. Ste 208
Seattle, WA 98119

March 17, 2020

Donald J. Trump, President
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

I am writing to recommend that two fiscal policy changes be made, which will bring immediate and long-term sustained, fundamental growth fuel to the economy for all Americans:

1. **Change the income tax policy regarding mortgage interest deduction, to allow individuals to deduct the annual mortgage interest on loans for acquiring a primary residence up to a loan amount of \$2,000,000.** This policy would replace the current \$750,000 loan limit, which was adopted in the 2017 Federal Tax Act. Prior to this adoption in 2018, the maximum loan limit was \$1,000,000 (from 2000 to 2017). The limit prior to the year 2000 was \$750,000. Fiscal policies relating to real estate should be complementary with the rise in real estate values, to allow the intrinsic value of the asset to be exchanged and support economic growth. By reducing the maximum amount of loan back to \$750,000 for which tax deduction can be claimed, our nation has gone in the opposite direction of the significant rise in real estate values since the year 2000.
2. **Allow taxpayers to deduct the full amount paid annually for state and local taxes: income tax, real estate tax on the value of the property, and sales tax.** This will stimulate the economy in local communities across the country. It will aid in maintaining the physical and social infrastructure in local communities, which is vital to our economic wellbeing; for maintaining real estate asset values.

Real estate is the largest, most valued asset on the balance sheet, the net worth statement, for most consumers in our country. It is the very real physical asset, arguably, the most tangible component of our nation's economic wealth. If we have fiscal, monetary and political policies that result in retarding the exchange, the marketability of this significant asset, this will result in negative stimuli for the overall economy. The ability to trade, exchanging one asset for another, is fundamental and basic for economic growth for the benefit of consumers, businesses and is, frankly, a fact of economic life for all entities and countries worldwide. The marketability to sell, purchase a new home, and to refinance creates a valuable resource for economic growth and maintenance of gross domestic product.

Both the current policies, limiting mortgage deduction to \$750,000 loan amount and limiting state and local tax deduction to \$10,000 per year, are significantly adverse variables for economic growth. These policies encumber and impede exchange of real estate transactions and the resulting related economic activity. This important asset, a foundation asset for the nation's economic wellbeing, is made more illiquid as a result of the current policies.

These fiscal and tax policy changes I have recommended were warranted even before the COVID-19 threat our nation currently faces. However, the outbreak of the virus has made the need for policy change more imminent. The positive impact to the economy from adopting these fiscal policy changes will go well beyond that of a temporary stimulus in response to the current economic crisis caused by the virus. The result would be long-term multiplier per-capita income generation.

Mr. President, I am recommending these fiscal tax policy changes to you particularly due to the extensive economic toll of COVID-19; taxpayers and the economy will undoubtedly benefit from these changes.

Thank you for your public service to this great nation.

Most Respectfully,



Horace C. Francis, CPA
CEO & Managing Director
(206) 920-6414
horace@francis-company.com

CC: The Honorable Steven Mnuchin, Secretary of the Treasury
The Honorable Nancy Pelosi, Speaker, US House of Representatives
The Honorable Senator Mitch McConnell, US Senate Majority Leader
The Honorable Senator Chuck Schumer, US Senate Minority Leader
The Honorable Steny Hoyer, US House Majority Leader
The Honorable Kevin McCarthy, US House Minority Leader
The Honorable Richard Neal, Chairman, US House Ways & Means Committee
The Honorable Maxine Waters, Chairwoman, US House Financial Services Committee
Russ Vought, Office of Management and Budget