

Table T06-0202
Repeal Deduction for Home Mortgage Interest
And Adjust Taxable Capital Income
Distribution of Federal Tax Change by Cash Income Class, 2006¹

Cash Income Class (thousands of 2005 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	0.0	0.1	0.0	0.0	0	0.0	0.0	0.2	0.0	3.8
10-20	0.2	1.4	0.0	0.2	4	0.6	0.0	0.9	0.0	4.8
20-30	0.7	5.0	-0.1	0.7	22	0.9	-0.1	2.6	0.1	10.1
30-40	0.9	12.1	-0.2	1.7	71	1.4	-0.1	4.1	0.2	14.6
40-50	1.7	20.6	-0.4	3.1	165	2.2	-0.1	4.7	0.4	17.1
50-75	3.7	33.3	-0.7	11.8	353	3.1	0.0	12.8	0.6	19.1
75-100	4.6	52.3	-1.0	14.5	734	4.2	0.1	11.6	0.8	20.8
100-200	5.2	65.6	-1.6	41.1	1,709	5.6	0.5	24.7	1.3	23.5
200-500	4.5	66.0	-1.5	21.3	3,368	4.6	0.2	15.6	1.2	26.3
500-1,000	7.1	56.4	-0.8	4.0	3,769	2.0	-0.1	6.4	0.6	27.4
More than 1,000	17.6	37.7	-0.2	1.7	3,062	0.3	-0.5	16.2	0.1	30.9
All	2.0	22.1	-0.9	100.0	432	3.3	0.0	100.0	0.7	21.4

Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2006¹

Cash Income Class (thousands of 2005 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	
Less than 10	18,886	12.9	5,743	217	5,527	3.8	1.2	1.4	0.2
10-20	25,413	17.4	15,208	721	14,487	4.7	4.2	5.0	1.0
20-30	20,374	13.9	25,206	2,520	22,686	10.0	5.6	6.3	2.7
30-40	15,429	10.5	35,525	5,105	30,420	14.4	5.9	6.4	4.1
40-50	11,963	8.2	45,636	7,619	38,018	16.7	5.9	6.2	4.8
50-75	21,121	14.4	62,649	11,579	51,070	18.5	14.4	14.8	12.8
75-100	12,455	8.5	87,930	17,557	70,373	20.0	11.9	12.0	11.5
100-200	15,196	10.4	136,287	30,357	105,929	22.3	22.5	22.0	24.2
200-500	3,988	2.7	292,415	73,425	218,990	25.1	12.7	11.9	15.4
500-1,000	668	0.5	690,594	185,570	505,023	26.9	5.0	4.6	6.5
More than 1,000	345	0.2	2,994,463	921,707	2,072,756	30.8	11.2	9.8	16.7
All	146,417	100.0	62,970	13,021	49,949	20.7	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-3A).

Number of AMT Taxpayers (millions). Baseline: 3.4 Proposal: 3.7

(1) Calendar year. Baseline is current law. Taxable capital income is assumed to fall by the minimum of 90 percent of taxable capital income and the amount of home mortgage interest deducted under current law.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.

(4) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.