

Click on PDF or Excel link above for additional tables containing more detail and breakdowns by filing status and demographic groups.

Table T11-0020
Replace Mortgage Interest Deduction with a 27.9 Percent Non-Refundable Credit
Limit Mortgages Eligible for Credit to \$500,000 on Primary Residences Only
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Level, 2015¹
Summary Table

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase				Change (%) Points)	Under the Proposal
Less than 10	0.0	0.0	0.0	0.0	0	0.0	3.3
10-20	4.6	0.0	0.1	2.4	-10	-0.1	2.7
20-30	11.6	0.5	0.2	9.9	-45	-0.2	7.0
30-40	22.0	1.8	0.4	21.1	-123	-0.3	11.2
40-50	30.9	2.9	0.5	27.6	-206	-0.4	14.2
50-75	37.5	3.6	0.6	72.8	-312	-0.5	16.7
75-100	41.3	3.8	0.6	70.5	-466	-0.5	18.3
100-200	19.1	13.3	0.1	15.8	-66	0.0	21.3
200-500	1.6	53.1	-0.5	-87.1	1,143	0.4	24.2
500-1,000	2.2	39.2	-0.3	-20.3	1,630	0.2	25.5
More than 1,000	3.1	30.1	-0.1	-12.8	1,944	0.1	28.9
All	18.9	6.1	0.1	100.0	-60	-0.1	20.4

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-7).

Number of AMT Taxpayers (millions). Baseline: 6.1

Proposal: 6.8

Note: Estimates assume that individuals pay down their mortgage in response to a smaller tax benefit for mortgage interest.

(1) Calendar year. Baseline is current policy. Proposal: replaces the mortgage interest deduction with a 27.9 percent non-refundable credit; and limits mortgages eligible for the credit to \$500,000 on primary residences only. We approximate the \$500,000 limit on mortgages with a limit on mortgage interest eligible for the credit of \$25,000. The credit rate of 27.9 percent is revenue neutral against 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 but excludes those that are dependents of other tax units.

(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.

Table T11-0020
Replace Mortgage Interest Deduction with a 27.9 Percent Non-Refundable Credit
Limit Mortgages Eligible for Credit to \$500,000 on Primary Residences Only

Baseline: Current Policy

Distribution of Federal Tax Change by Cash Income Level, 2015 ¹

Detail Table

Cash Income Level (thousands of 2009 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	0.0	0.0	0.0	0	0.0	0.0	0.1	0.0	3.3
10-20	4.6	0.0	0.1	2.4	-10	-2.2	0.0	0.4	-0.1	2.7
20-30	11.6	0.5	0.2	9.9	-45	-2.3	0.0	1.4	-0.2	7.0
30-40	22.0	1.8	0.4	21.1	-123	-2.8	-0.1	2.5	-0.3	11.2
40-50	30.9	2.9	0.5	27.6	-206	-2.9	-0.1	3.2	-0.4	14.2
50-75	37.5	3.6	0.6	72.8	-312	-2.7	-0.2	9.0	-0.5	16.7
75-100	41.3	3.8	0.6	70.5	-466	-2.6	-0.2	9.0	-0.5	18.3
100-200	19.1	13.3	0.1	15.8	-66	-0.2	0.0	25.9	0.0	21.3
200-500	1.6	53.1	-0.5	-87.1	1,143	1.6	0.4	19.5	0.4	24.2
500-1,000	2.2	39.2	-0.3	-20.3	1,630	0.9	0.1	8.1	0.2	25.5
More than 1,000	3.1	30.1	-0.1	-12.8	1,944	0.2	0.1	20.9	0.1	28.9
All	18.9	6.1	0.1	100.0	-60	-0.3	0.0	100.0	-0.1	20.4

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2015 ¹

Cash Income Level (thousands of 2009 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- Tax Income	Share of Post- Tax Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	
Less than 10	15,866	9.7	5,737	189	5,548	3.3	0.7	0.8	0.1
10-20	24,726	15.1	16,244	441	15,803	2.7	2.9	3.5	0.4
20-30	21,658	13.2	26,982	1,939	25,044	7.2	4.2	4.9	1.5
30-40	16,904	10.3	37,756	4,362	33,394	11.6	4.6	5.1	2.6
40-50	13,207	8.1	48,701	7,136	41,566	14.7	4.6	4.9	3.3
50-75	23,012	14.0	66,940	11,513	55,426	17.2	11.0	11.4	9.2
75-100	14,893	9.1	94,195	17,697	76,497	18.8	10.0	10.2	9.2
100-200	23,618	14.4	147,944	31,529	116,415	21.3	24.9	24.6	25.9
200-500	7,504	4.6	307,192	73,153	234,039	23.8	16.4	15.7	19.1
500-1,000	1,227	0.8	737,554	186,518	551,036	25.3	6.5	6.1	8.0
More than 1,000	647	0.4	3,192,870	921,571	2,271,300	28.9	14.7	13.2	20.7
All	163,952	100.0	85,596	17,529	68,067	20.5	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-7).

Number of AMT Taxpayers (millions). Baseline: 6.1

Proposal: 6.8

Note: Estimates assume that individuals pay down their mortgage in response to a smaller tax benefit for mortgage interest.

(1) Calendar year. Baseline is current policy. Proposal: replaces the mortgage interest deduction with a 27.9 percent non-refundable credit; and limits mortgages eligible for the credit to \$500,000 on primary residences only.

We approximate the \$500,000 limit on mortgages with a limit on mortgage interest eligible for the credit of \$25,000. The credit rate of 27.9 percent is revenue neutral against current law.

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(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.

Table T11-0020
Replace Mortgage Interest Deduction with a 27.9 Percent Non-Refundable Credit
Limit Mortgages Eligible for Credit to \$500,000 on Primary Residences Only
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Level, 2015¹
Detail Table - Single Tax Units

Cash Income Level (thousands of 2009 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	0.0	0.0	0.0	0	0.0	0.0	0.6	0.0	6.7
10-20	6.3	0.0	0.1	6.3	-13	-1.2	0.0	2.4	-0.1	6.8
20-30	12.1	0.1	0.2	19.3	-53	-1.8	-0.1	5.0	-0.2	11.0
30-40	21.6	0.4	0.4	29.5	-119	-2.1	-0.1	6.6	-0.3	15.2
40-50	29.9	0.7	0.5	34.2	-188	-2.1	-0.1	7.4	-0.4	17.9
50-75	27.0	1.5	0.3	40.0	-139	-1.0	-0.1	18.5	-0.2	20.9
75-100	20.4	3.5	0.1	8.3	-65	-0.3	0.0	12.8	-0.1	22.9
100-200	9.6	21.2	-0.1	-12.1	98	0.3	0.2	19.9	0.1	23.9
200-500	1.3	30.4	-0.3	-17.5	587	0.8	0.1	10.4	0.2	24.2
500-1,000	2.4	22.7	-0.2	-4.7	948	0.5	0.0	4.4	0.1	25.8
More than 1,000	8.9	18.0	-0.1	-3.2	1,167	0.1	0.1	11.9	0.0	30.6
All	13.6	2.2	0.1	100.0	-46	-0.5	0.0	100.0	-0.1	20.0

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2015¹

Cash Income Level (thousands of 2009 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- Tax Income	Share of Post- Tax Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	
Less than 10	11,469	15.7	5,758	383	5,375	6.7	1.8	2.2	0.6
10-20	15,679	21.4	16,121	1,116	15,005	6.9	7.1	8.2	2.4
20-30	12,148	16.6	26,870	3,009	23,861	11.2	9.1	10.1	5.1
30-40	8,238	11.3	37,654	5,839	31,815	15.5	8.7	9.2	6.7
40-50	6,093	8.3	48,644	8,885	39,759	18.3	8.3	8.5	7.5
50-75	9,580	13.1	66,220	13,976	52,244	21.1	17.7	17.5	18.6
75-100	4,284	5.9	93,094	21,420	71,674	23.0	11.1	10.7	12.8
100-200	4,144	5.7	144,387	34,333	110,055	23.8	16.7	15.9	19.8
200-500	994	1.4	308,993	74,054	234,938	24.0	8.6	8.2	10.2
500-1,000	166	0.2	726,397	186,265	540,132	25.6	3.4	3.1	4.3
More than 1,000	91	0.1	3,067,902	936,704	2,131,198	30.5	7.8	6.8	11.9
All	73,231	100.0	48,892	9,822	39,069	20.1	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-7).

Note: Estimates assume that individuals pay down their mortgage in response to a smaller tax benefit for mortgage interest.

(1) Calendar year. Baseline is current policy. Proposal: replaces the mortgage interest deduction with a 27.9 percent non-refundable credit; and limits mortgages eligible for the credit to \$500,000 on primary residences only. We approximate the \$500,000 limit on mortgages with a limit on mortgage interest eligible for the credit of \$25,000. The credit rate of 27.9 percent is revenue neutral against 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

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(3) Includes both filing and non-filing units but excludes those that are dependents of other tax units

(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.

Table T11-0020
Replace Mortgage Interest Deduction with a 27.9 Percent Non-Refundable Credit
Limit Mortgages Eligible for Credit to \$500,000 on Primary Residences Only
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Level, 2015¹
Detail Table - Married Tax Units Filing Jointly

Cash Income Level (thousands of 2009 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	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	3.7
10-20	0.1	0.0	0.0	0.1	0	-0.3	0.0	0.0	0.0	1.2
20-30	13.3	0.4	0.2	5.4	-44	-4.8	0.0	0.2	-0.2	3.3
30-40	23.7	2.4	0.4	16.6	-147	-6.0	0.0	0.5	-0.4	6.1
40-50	29.1	4.5	0.5	23.6	-225	-4.8	0.0	0.9	-0.5	9.1
50-75	45.9	5.5	0.8	108.0	-457	-5.1	-0.2	4.0	-0.7	12.6
75-100	53.9	3.5	0.9	165.5	-728	-4.7	-0.3	6.7	-0.8	15.7
100-200	21.6	10.7	0.1	58.2	-122	-0.4	-0.1	28.7	-0.1	20.6
200-500	1.6	56.8	-0.5	-200.9	1,212	1.7	0.4	24.1	0.4	24.2
500-1,000	2.2	41.9	-0.3	-47.3	1,760	0.9	0.1	10.0	0.2	25.5
More than 1,000	2.1	32.4	-0.1	-29.2	2,083	0.2	0.1	24.8	0.1	28.6
All	25.1	11.6	0.1	100.0	-61	-0.2	0.0	100.0	0.0	21.4

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2015¹

Cash Income Level (thousands of 2009 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- Tax Income	Share of Post- Tax Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	Percent of Total
Less than 10	2,060	3.3	4,792	176	4,617	3.7	0.1	0.1	0.0
10-20	3,558	5.7	16,842	201	16,641	1.2	0.7	0.8	0.0
20-30	4,571	7.4	27,168	927	26,242	3.4	1.4	1.7	0.2
30-40	4,291	6.9	37,909	2,443	35,466	6.4	1.8	2.2	0.5
40-50	3,967	6.4	48,817	4,642	44,175	9.5	2.2	2.5	1.0
50-75	8,948	14.4	67,956	9,012	58,944	13.3	6.8	7.5	4.2
75-100	8,607	13.9	94,924	15,634	79,290	16.5	9.1	9.7	7.0
100-200	18,038	29.0	149,444	30,852	118,591	20.6	30.0	30.3	28.8
200-500	6,273	10.1	306,699	72,901	233,798	23.8	21.4	20.8	23.7
500-1,000	1,018	1.6	739,899	186,861	553,038	25.3	8.4	8.0	9.8
More than 1,000	530	0.9	3,153,293	899,595	2,253,697	28.5	18.6	16.9	24.7
All	62,127	100.0	144,829	31,112	113,717	21.5	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-7).

Note: Estimates assume that individuals pay down their mortgage in response to a smaller tax benefit for mortgage interest.

(1) Calendar year. Baseline is current policy. Proposal: replaces the mortgage interest deduction with a 27.9 percent non-refundable credit; and limits mortgages eligible for the credit to \$500,000 on primary residences only. We approximate the \$500,000 limit on mortgages with a limit on mortgage interest eligible for the credit of \$25,000. The credit rate of 27.9 percent is revenue neutral against 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 but excludes those that are dependents of other tax units

(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.

Table T11-0020
Replace Mortgage Interest Deduction with a 27.9 Percent Non-Refundable Credit
Limit Mortgages Eligible for Credit to \$500,000 on Primary Residences Only
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Level, 2015¹
Detail Table - Head of Household Tax Units

Cash Income Level (thousands of 2009 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	0.0	0.0	0.0	0	0.0	0.0	-1.1	0.0	-12.7
10-20	1.5	0.0	0.0	0.5	-2	0.2	-0.1	-4.8	0.0	-9.3
20-30	6.5	1.7	0.1	3.5	-19	44.2	-0.1	-0.2	-0.1	-0.2
30-40	19.0	3.6	0.3	15.2	-94	-2.9	-0.1	7.9	-0.3	8.3
40-50	32.6	5.3	0.5	21.9	-200	-3.1	-0.2	10.7	-0.4	13.0
50-75	43.2	4.0	0.8	65.3	-414	-3.8	-0.6	25.8	-0.6	15.9
75-100	32.1	4.2	0.3	15.6	-233	-1.3	0.1	18.6	-0.3	19.2
100-200	16.7	20.4	-0.1	-7.0	143	0.5	0.5	23.9	0.1	22.7
200-500	2.3	53.5	-0.7	-12.2	1,690	2.3	0.3	8.5	0.6	24.4
500-1,000	0.9	42.0	-0.2	-1.5	1,186	0.7	0.1	3.3	0.2	24.0
More than 1,000	3.8	31.7	-0.1	-1.2	2,153	0.2	0.1	7.4	0.1	29.5
All	17.3	3.7	0.2	100.0	-97	-1.5	0.0	100.0	-0.2	13.3

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2015¹

Cash Income Level (thousands of 2009 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- Tax Income	Share of Post- Tax Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	
Less than 10	2,214	8.5	6,521	-829	7,350	-12.7	1.2	1.5	-1.1
10-20	5,235	20.0	16,206	-1,499	17,705	-9.3	6.9	8.8	-4.8
20-30	4,634	17.7	27,054	-43	27,096	-0.2	10.2	11.9	-0.1
30-40	4,091	15.7	37,746	3,220	34,526	8.5	12.6	13.3	8.0
40-50	2,761	10.6	48,622	6,505	42,117	13.4	11.0	11.0	10.9
50-75	3,985	15.3	66,274	10,926	55,348	16.5	21.6	20.8	26.4
75-100	1,688	6.5	93,241	18,163	75,077	19.5	12.9	12.0	18.6
100-200	1,232	4.7	139,028	31,410	107,618	22.6	14.0	12.5	23.5
200-500	183	0.7	309,851	73,826	236,025	23.8	4.6	4.1	8.2
500-1,000	31	0.1	719,019	171,539	547,480	23.9	1.8	1.6	3.2
More than 1,000	14	0.1	2,995,273	882,450	2,112,823	29.5	3.3	2.7	7.2
All	26,118	100.0	46,858	6,317	40,541	13.5	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-7).

Note: Estimates assume that individuals pay down their mortgage in response to a smaller tax benefit for mortgage interest.

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Limit Mortgages Eligible for Credit to \$500,000 on Primary Residences Only

Baseline: Current Policy

Distribution of Federal Tax Change by Cash Income Level, 2015 ¹

Detail Table - Tax Units with Children

Cash Income Level (thousands of 2009 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	0.0	0.0	0.0	0	0.0	0.0	-0.3	0.0	-17.6
10-20	0.6	0.1	0.0	0.4	-1	0.0	0.0	-1.1	0.0	-14.2
20-30	3.3	1.8	0.0	1.7	-3	0.4	0.0	-0.4	0.0	-3.1
30-40	14.7	5.2	0.2	23.9	-51	-2.1	0.0	1.1	-0.1	6.4
40-50	26.7	8.1	0.3	51.5	-140	-2.4	-0.1	2.0	-0.3	11.6
50-75	42.8	8.6	0.7	270.7	-388	-3.8	-0.3	6.6	-0.6	14.6
75-100	52.8	5.0	0.9	360.7	-687	-4.1	-0.3	8.1	-0.7	17.0
100-200	24.1	13.9	0.1	114.2	-118	-0.4	-0.1	29.1	-0.1	21.0
200-500	1.5	69.0	-0.7	-535.3	1,643	2.2	0.5	24.1	0.5	25.1
500-1,000	1.3	54.0	-0.4	-117.9	2,399	1.2	0.1	9.5	0.3	27.1
More than 1,000	1.8	41.8	-0.1	-70.1	3,000	0.3	0.1	21.2	0.1	29.9
All	21.3	11.6	0.0	100.0	-21	-0.1	0.0	100.0	0.0	20.4

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2015 ¹

Cash Income Level (thousands of 2009 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- Tax Income	Share of Post- Tax Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	
Less than 10	2,574	5.1	6,243	-1,096	7,338	-17.6	0.3	0.4	-0.3
10-20	5,365	10.7	16,408	-2,335	18,744	-14.2	1.6	2.3	-1.1
20-30	5,534	11.1	27,039	-834	27,873	-3.1	2.8	3.6	-0.4
30-40	4,955	9.9	37,825	2,463	35,363	6.5	3.5	4.1	1.1
40-50	3,934	7.9	48,736	5,777	42,960	11.9	3.5	3.9	2.1
50-75	7,427	14.8	67,323	10,214	57,109	15.2	9.2	9.9	6.9
75-100	5,589	11.2	94,752	16,759	77,993	17.7	9.8	10.1	8.5
100-200	10,335	20.6	148,467	31,234	117,233	21.0	28.3	28.1	29.2
200-500	3,472	6.9	305,913	75,039	230,873	24.5	19.6	18.6	23.6
500-1,000	523	1.0	738,730	197,398	541,331	26.7	7.1	6.6	9.3
More than 1,000	249	0.5	3,141,398	937,504	2,203,894	29.8	14.4	12.7	21.1
All	50,095	100.0	108,069	22,068	86,001	20.4	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-7).

Note: Tax units with children are those claiming an exemption for children at home or away from home. Estimates assume that individuals pay down their mortgage in response to a smaller tax benefit for mortgage interest.

(1) Calendar year. Baseline is current policy. Proposal: replaces the mortgage interest deduction with a 27.9 percent non-refundable credit; and limits mortgages eligible for the credit to \$500,000 on primary residences only. We approximate the \$500,000 limit on mortgages with a limit on mortgage interest eligible for the credit of \$25,000. The credit rate of 27.9 percent is revenue neutral against 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 but excludes those that are dependents of other tax units.

(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.

Table T11-0020
Replace Mortgage Interest Deduction with a 27.9 Percent Non-Refundable Credit
Limit Mortgages Eligible for Credit to \$500,000 on Primary Residences Only

Baseline: Current Policy

Distribution of Federal Tax Change by Cash Income Level, 2015 ¹

Detail Table - Elderly Tax Units

Cash Income Level (thousands of 2009 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	0.0	0.0	0.0	0	0.0	0.0	0.1	0.0	2.9
10-20	3.1	0.0	0.0	1.8	-7	-2.1	0.0	0.5	0.0	1.9
20-30	9.8	0.0	0.1	7.3	-31	-3.3	0.0	1.2	-0.1	3.4
30-40	19.4	0.0	0.3	15.4	-105	-5.5	-0.1	1.5	-0.3	4.8
40-50	23.4	0.2	0.3	12.1	-128	-4.3	-0.1	1.5	-0.3	5.9
50-75	31.8	0.9	0.4	36.5	-227	-3.7	-0.2	5.2	-0.3	8.7
75-100	34.7	1.7	0.4	36.9	-328	-2.8	-0.2	7.0	-0.4	12.0
100-200	12.7	6.2	0.1	10.1	-69	-0.3	0.1	19.8	-0.1	16.4
200-500	2.4	16.0	-0.1	-12.3	234	0.4	0.2	19.1	0.1	20.9
500-1,000	2.3	13.6	-0.1	-3.8	352	0.2	0.1	10.3	0.1	23.6
More than 1,000	3.2	14.6	0.0	-4.1	637	0.1	0.2	33.8	0.0	28.9
All	14.6	1.8	0.1	100.0	-76	-0.6	0.0	100.0	-0.1	16.4

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2015 ¹

Cash Income Level (thousands of 2009 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- Tax Income	Share of Post- Tax Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	Percent of Total
Less than 10	2,100	6.3	6,178	181	5,997	2.9	0.5	0.6	0.1
10-20	6,834	20.6	16,593	321	16,273	1.9	4.1	4.8	0.5
20-30	5,901	17.8	26,757	942	25,815	3.5	5.7	6.6	1.2
30-40	3,706	11.2	37,624	1,913	35,711	5.1	5.0	5.7	1.6
40-50	2,376	7.2	48,711	2,992	45,719	6.1	4.2	4.7	1.6
50-75	4,043	12.2	67,491	6,097	61,394	9.0	9.9	10.8	5.4
75-100	2,829	8.5	93,810	11,570	82,240	12.3	9.6	10.1	7.2
100-200	3,682	11.1	148,269	24,447	123,822	16.5	19.7	19.7	19.7
200-500	1,324	4.0	313,263	65,167	248,096	20.8	15.0	14.2	18.9
500-1,000	268	0.8	741,450	174,575	566,874	23.6	7.2	6.6	10.3
More than 1,000	162	0.5	3,283,256	947,808	2,335,447	28.9	19.2	16.4	33.6
All	33,251	100.0	83,172	13,725	69,447	16.5	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-7).

Note: Elderly tax units are those with either head or spouse (if filing jointly) age 65 or older. Estimates assume that individuals pay down their mortgage in response to a smaller tax benefit for mortgage interest.

(1) Calendar year. Baseline is current policy. Proposal: replaces the mortgage interest deduction with a 27.9 percent non-refundable credit; and limits mortgages eligible for the credit to \$500,000 on primary residences only.

We approximate the \$500,000 limit on mortgages with a limit on mortgage interest eligible for the credit of \$25,000. The credit rate of 27.9 percent is revenue neutral against current law.

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