

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

Table T15-0228
Reduce the the Maximum Amount of Debt Eligible for the 15 Percent Non-refundable Credit from \$1,000,000 to \$500,000
Baseline: Replace the Mortgage Interest Deduction with a 15 Percent Non-refundable Credit
Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2016 ¹
Summary Table

Expanded Cash Income Percentile ^{2,3}	Tax Units with Tax Increase or Cut ⁴				Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁶	
	With Tax Cut		With Tax Increase					Change (% Points)	Under the Proposal
	Pct of Tax Units	Avg Tax Cut	Pct of Tax Units	Avg Tax Increase					
Lowest Quintile	0.0	0	0.0	0	0.0	0.0	0	0.0	4.2
Second Quintile	0.0	0	0.0	0	0.0	0.1	0	0.0	8.3
Middle Quintile	0.0	0	0.1	416	0.0	0.4	0	0.0	13.7
Fourth Quintile	0.0	0	0.8	1,217	0.0	9.7	10	0.0	17.4
Top Quintile	0.0	0	6.2	1,760	0.0	89.8	108	0.0	26.6
All	0.0	0	1.0	1,669	0.0	100.0	17	0.0	20.5
Addendum									
80-90	0.0	0	2.6	1,181	0.0	13.0	30	0.0	20.5
90-95	0.0	0	4.9	1,601	0.0	16.4	79	0.0	22.6
95-99	0.0	0	13.0	1,824	-0.1	36.8	236	0.1	26.4
Top 1 Percent	0.0	0	24.3	2,459	0.0	23.6	598	0.0	34.3
Top 0.1 Percent	0.0	0	25.8	2,743	0.0	2.9	709	0.0	35.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-3).

Number of AMT Taxpayers (millions). Baseline: 4.9

Proposal: 4.9

* Less than 0.05

** Insufficient data

(1) Calendar year. Baseline is a 15 percent nonrefundable credit on the first \$1,000,000 of debt. Proposal would reduce the maximum amount of debt eligible for the 15 percent non-refundable credit to \$500,000 of debt on a primary residence, second home, and/or a home equity loan. Estimates are static and do not assume that taxpayers would adjust their investment portfolio and pay down their mortgage balance if their tax benefit from mortgage interest was reduced. For a description of TPC's current law baseline, see <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2015 dollars): 20% \$22,823; 40% \$44,550; 60% \$79,661; 80% \$141,303; 90% \$207,758; 95% \$294,348; 99% \$720,886; 99.9% \$3,672,221.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

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

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

Table T15-0228
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Baseline: Replace the Mortgage Interest Deduction with a 15 Percent Non-refundable Credit
Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2016 ¹
Detail Table

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.9	0.0	4.2
Second Quintile	0.0	0.0	0.0	0.1	0	0.0	0.0	3.4	0.0	8.3
Middle Quintile	0.0	0.1	0.0	0.4	0	0.0	0.0	9.3	0.0	13.7
Fourth Quintile	0.0	0.8	0.0	9.7	10	0.1	0.0	17.3	0.0	17.4
Top Quintile	0.0	6.2	0.0	89.8	108	0.1	0.0	69.0	0.0	26.6
All	0.0	1.0	0.0	100.0	17	0.1	0.0	100.0	0.0	20.5
Addendum										
80-90	0.0	2.6	0.0	13.0	30	0.1	0.0	14.1	0.0	20.5
90-95	0.0	4.9	0.0	16.4	79	0.1	0.0	10.8	0.0	22.6
95-99	0.0	13.0	-0.1	36.8	236	0.2	0.0	16.0	0.1	26.4
Top 1 Percent	0.0	24.3	0.0	23.6	598	0.1	0.0	28.1	0.0	34.3
Top 0.1 Percent	0.0	25.8	0.0	2.9	709	0.0	0.0	13.4	0.0	35.7

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile, 2016 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Lowest Quintile	47,691	27.6	13,336	4.2	566	0.9	12,770	5.1	4.2
Second Quintile	37,422	21.7	33,359	8.3	2,762	3.4	30,597	9.6	8.3
Middle Quintile	33,984	19.7	61,542	13.9	8,400	9.3	53,142	15.1	13.7
Fourth Quintile	28,418	16.5	107,903	20.4	18,721	17.3	89,182	21.3	17.4
Top Quintile	23,750	13.8	336,456	53.2	89,466	69.0	246,989	49.2	26.6
All	172,532	100.0	86,987	100.0	17,850	100.0	69,137	100.0	20.5
Addendum									
80-90	12,233	7.1	173,085	14.1	35,505	14.1	137,580	14.1	20.5
90-95	5,942	3.4	248,145	9.8	56,063	10.8	192,082	9.6	22.6
95-99	4,447	2.6	420,979	12.5	110,717	16.0	310,262	11.6	26.3
Top 1 Percent	1,129	0.7	2,239,143	16.8	766,488	28.1	1,472,654	13.9	34.2
Top 0.1 Percent	115	0.1	10,045,915	7.7	3,582,303	13.4	6,463,612	6.3	35.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-3).

Number of AMT Taxpayers (millions). Baseline: 4.9

Proposal: 4.9

* Less than 0.05

(1) Calendar year. Baseline is a 15 percent nonrefundable credit on the first \$1,000,000 of debt. Proposal would reduce the maximum amount of debt eligible for the 15 percent non-refundable credit to \$500,000 of debt on a primary residence, second home, and/or a home equity loan. Estimates are static and do not assume that taxpayers would adjust their investment portfolio and pay down their mortgage balance if their tax benefit from mortgage interest was reduced. For a description of TPC's current law baseline, see <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

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Table T15-0228
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Baseline: Replace the Mortgage Interest Deduction with a 15 Percent Non-refundable Credit
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹
Detail Table

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.1	0.0	0.5
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	2.3	0.0	6.8
Middle Quintile	0.0	0.1	0.0	1.0	1	0.0	0.0	7.4	0.0	12.3
Fourth Quintile	0.0	0.8	0.0	9.8	9	0.1	0.0	16.5	0.0	16.8
Top Quintile	0.0	4.8	0.0	89.1	85	0.1	0.0	73.4	0.0	26.3
All	0.0	1.0	0.0	100.0	17	0.1	0.0	100.0	0.0	20.5
Addendum										
80-90	0.0	2.1	0.0	15.0	28	0.1	0.0	15.2	0.0	20.4
90-95	0.0	3.4	0.0	14.9	56	0.1	0.0	11.8	0.0	22.5
95-99	0.0	9.7	-0.1	34.3	170	0.2	0.0	17.5	0.1	25.9
Top 1 Percent	0.0	22.2	0.0	25.0	541	0.1	0.0	29.0	0.0	34.1
Top 0.1 Percent	0.0	23.6	0.0	3.3	682	0.0	0.0	14.0	0.0	35.7

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	38,232	22.2	12,438	3.2	57	0.1	12,381	4.0	0.5	
Second Quintile	36,211	21.0	29,245	7.1	1,994	2.4	27,251	8.3	6.8	
Middle Quintile	34,505	20.0	53,941	12.4	6,646	7.5	47,296	13.7	12.3	
Fourth Quintile	32,174	18.7	94,039	20.2	15,827	16.5	78,212	21.1	16.8	
Top Quintile	30,143	17.5	285,692	57.4	74,967	73.4	210,725	53.3	26.2	
All	172,532	100.0	86,987	100.0	17,850	100.0	69,137	100.0	20.5	
Addendum										
80-90	15,518	9.0	147,812	15.3	30,059	15.2	117,753	15.3	20.3	
90-95	7,548	4.4	214,051	10.8	48,059	11.8	165,992	10.5	22.5	
95-99	5,756	3.3	361,215	13.9	93,380	17.5	267,836	12.9	25.9	
Top 1 Percent	1,321	0.8	1,985,313	17.5	675,912	29.0	1,309,401	14.5	34.1	
Top 0.1 Percent	136	0.1	8,905,644	8.1	3,175,496	14.0	5,730,148	6.5	35.7	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-3).

Number of AMT Taxpayers (millions). Baseline: 4.9

Proposal: 4.9

* Less than 0.05

(1) Calendar year. Baseline is a 15 percent nonrefundable credit on the first \$1,000,000 of debt. Proposal would reduce the maximum amount of debt eligible for the 15 percent non-refundable credit to \$500,000 of debt on a primary residence, second home, and/or a home equity loan. Estimates are static and do not assume that taxpayers would adjust their investment portfolio and pay down their mortgage balance if their tax benefit from mortgage interest was reduced. For a description of TPC's current law baseline, see <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

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(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2015 dollars): 20% \$15,856; 40% \$29,550; 60% \$51,312; 80% \$85,800; 90% \$124,732; 95% \$174,098; 99% \$413,202; 99.9% \$2,095,408.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

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

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

Table T15-0228
Reduce the the Maximum Amount of Debt Eligible for the 15 Percent Non-refundable Credit from \$1,000,000 to \$500,000
Baseline: Replace the Mortgage Interest Deduction with a 15 Percent Non-refundable Credit
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹
Detail Table - Single Tax Units

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	2.1	0.0	6.2
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	5.9	0.0	8.6
Middle Quintile	0.0	0.0	0.0	0.7	0	0.0	0.0	13.6	0.0	13.6
Fourth Quintile	0.0	0.2	0.0	1.9	0	0.0	0.0	22.1	0.0	18.3
Top Quintile	0.0	1.8	0.0	97.4	32	0.1	0.0	55.9	0.0	26.3
All	0.0	0.2	0.0	100.0	3	0.0	0.0	100.0	0.0	18.6
Addendum										
80-90	0.0	0.8	0.0	21.1	12	0.1	0.0	16.2	0.0	21.5
90-95	0.0	0.9	0.0	8.3	12	0.0	0.0	9.4	0.0	22.9
95-99	0.0	4.5	0.0	35.2	74	0.1	0.0	12.2	0.0	26.2
Top 1 Percent	0.0	16.2	0.0	32.9	400	0.1	0.0	18.2	0.0	36.5
Top 0.1 Percent	0.0	19.0	0.0	5.7	564	0.0	0.0	9.7	0.0	37.4

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	25,683	29.5	9,700	6.4	597	2.1	9,103	7.4	6.2	
Second Quintile	21,585	24.8	23,067	12.8	1,986	5.9	21,081	14.4	8.6	
Middle Quintile	17,636	20.2	41,046	18.6	5,600	13.7	35,446	19.8	13.6	
Fourth Quintile	12,851	14.7	68,044	22.5	12,470	22.2	55,573	22.6	18.3	
Top Quintile	8,784	10.1	175,035	39.6	46,035	55.9	129,000	35.8	26.3	
All	87,180	100.0	44,584	100.0	8,300	100.0	36,284	100.0	18.6	
Addendum										
80-90	5,172	5.9	105,179	14.0	22,633	16.2	82,547	13.5	21.5	
90-95	2,001	2.3	148,758	7.7	34,037	9.4	114,721	7.3	22.9	
95-99	1,374	1.6	244,058	8.6	63,931	12.1	180,127	7.8	26.2	
Top 1 Percent	237	0.3	1,524,021	9.3	555,368	18.2	968,653	7.2	36.4	
Top 0.1 Percent	29	0.0	6,406,099	4.8	2,393,318	9.7	4,012,781	3.7	37.4	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-3).

* Less than 0.05

(1) Calendar year. Baseline is a 15 percent nonrefundable credit on the first \$1,000,000 of debt. Proposal would reduce the maximum amount of debt eligible for the 15 percent non-refundable credit to \$500,000 of debt on a primary residence, second home, and/or a home equity loan. Estimates are static and do not assume that taxpayers would adjust their investment portfolio and pay down their mortgage balance if their tax benefit from mortgage interest was reduced. For a description of TPC's current law baseline, see <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

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Baseline: Replace the Mortgage Interest Deduction with a 15 Percent Non-refundable Credit
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹
Detail Table - Married Tax Units Filing Jointly

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	-0.1	0.0	-1.3
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.8	0.0	6.3
Middle Quintile	0.0	0.1	0.0	0.8	2	0.0	0.0	4.1	0.0	11.3
Fourth Quintile	0.0	1.2	0.0	10.0	16	0.1	0.0	13.6	0.0	16.0
Top Quintile	0.0	6.2	0.0	89.2	111	0.1	0.0	81.4	0.0	26.2
All	0.0	2.4	0.0	100.0	42	0.1	0.0	100.0	0.0	22.3
Addendum										
80-90	0.0	2.8	0.0	14.1	37	0.1	0.0	15.0	0.0	19.9
90-95	0.0	4.4	0.0	15.8	75	0.1	0.0	13.0	0.0	22.4
95-99	0.0	11.6	-0.1	34.9	204	0.2	0.0	20.2	0.1	25.8
Top 1 Percent	0.0	23.7	0.0	24.3	579	0.1	0.0	33.2	0.0	33.6
Top 0.1 Percent	0.0	25.4	0.0	2.9	732	0.0	0.0	15.3	0.0	35.3

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	4,872	8.4	18,801	1.0	-235	-0.1	19,035	1.3	-1.3	
Second Quintile	6,661	11.4	41,196	2.9	2,579	0.8	38,616	3.5	6.3	
Middle Quintile	10,912	18.7	71,227	8.1	8,055	4.1	63,172	9.3	11.3	
Fourth Quintile	15,713	27.0	115,487	19.0	18,455	13.6	97,032	20.5	16.0	
Top Quintile	19,617	33.7	338,411	69.4	88,570	81.4	249,842	65.9	26.2	
All	58,288	100.0	164,217	100.0	36,643	100.0	127,573	100.0	22.3	
Addendum										
80-90	9,309	16.0	172,936	16.8	34,294	15.0	138,642	17.4	19.8	
90-95	5,126	8.8	241,837	13.0	53,970	13.0	187,868	13.0	22.3	
95-99	4,159	7.1	403,001	17.5	103,801	20.2	299,201	16.7	25.8	
Top 1 Percent	1,023	1.8	2,065,598	22.1	693,951	33.2	1,371,647	18.9	33.6	
Top 0.1 Percent	97	0.2	9,569,483	9.7	3,375,487	15.4	6,193,996	8.1	35.3	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-3).

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

Table T15-0228
Reduce the the Maximum Amount of Debt Eligible for the 15 Percent Non-refundable Credit from \$1,000,000 to \$500,000
Baseline: Replace the Mortgage Interest Deduction with a 15 Percent Non-refundable Credit
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹
Detail Table - Head of Household Tax Units

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	-8.2	0.0	-9.6
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	6.6	0.0	3.7
Middle Quintile	0.0	0.3	0.0	7.8	2	0.0	0.0	24.1	0.0	11.3
Fourth Quintile	0.0	1.1	0.0	30.0	11	0.1	0.0	32.4	0.0	17.2
Top Quintile	0.0	4.2	0.0	62.2	56	0.1	0.0	45.0	0.0	25.5
All	0.0	0.4	0.0	100.0	4	0.1	0.0	100.0	0.0	11.9
Addendum										
80-90	0.0	3.0	0.0	14.0	20	0.1	0.0	14.8	0.0	21.2
90-95	0.0	3.5	0.0	12.1	46	0.1	0.0	8.2	0.0	22.9
95-99	0.0	7.7	-0.1	20.1	162	0.2	0.0	7.5	0.1	26.2
Top 1 Percent	0.0	26.0	0.0	16.0	576	0.1	0.0	14.5	0.0	34.2
Top 0.1 Percent	0.0	26.7	0.0	2.0	677	0.0	0.0	8.3	0.0	35.9

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Lowest Quintile	7,312	30.3	17,857	10.1	-1,713	-8.2	19,570	12.6	-9.6
Second Quintile	7,436	30.8	36,660	21.2	1,359	6.6	35,301	23.1	3.7
Middle Quintile	5,226	21.6	62,412	25.3	7,052	24.1	55,359	25.5	11.3
Fourth Quintile	2,957	12.3	97,505	22.4	16,755	32.4	80,750	21.0	17.2
Top Quintile	1,165	4.8	231,777	21.0	59,077	45.0	172,700	17.7	25.5
All	24,145	100.0	53,332	100.0	6,334	100.0	46,998	100.0	11.9
Addendum									
80-90	734	3.0	145,231	8.3	30,829	14.8	114,402	7.4	21.2
90-95	273	1.1	201,115	4.3	46,058	8.2	155,057	3.7	22.9
95-99	129	0.5	337,575	3.4	88,311	7.5	249,264	2.8	26.2
Top 1 Percent	29	0.1	2,238,359	5.0	765,945	14.5	1,472,414	3.8	34.2
Top 0.1 Percent	3	0.0	11,305,434	2.8	4,062,866	8.3	7,242,568	2.0	35.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-3).

* Less than 0.05

(1) Calendar year. Baseline is a 15 percent nonrefundable credit on the first \$1,000,000 of debt. Proposal would reduce the maximum amount of debt eligible for the 15 percent non-refundable credit to \$500,000 of debt on a primary residence, second home, and/or a home equity loan. Estimates are static and do not assume that taxpayers would adjust their investment portfolio and pay down their mortgage balance if their tax benefit from mortgage interest was reduced. For a description of TPC's current law baseline, see <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2015 dollars): 20% \$15,856; 40% \$29,550; 60% \$51,312; 80% \$85,800; 90% \$124,732; 95% \$174,098; 99% \$413,202; 99.9% \$2,095,408.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

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

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

Table T15-0228
Reduce the the Maximum Amount of Debt Eligible for the 15 Percent Non-refundable Credit from \$1,000,000 to \$500,000
Baseline: Replace the Mortgage Interest Deduction with a 15 Percent Non-refundable Credit
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹
Detail Table - Tax Units with Children

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	-1.3	0.0	-8.8
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	1.4	0.0	4.3
Middle Quintile	0.0	0.3	0.0	1.4	3	0.0	0.0	7.1	0.0	12.3
Fourth Quintile	0.0	1.9	0.0	13.8	25	0.1	0.0	16.7	0.0	17.2
Top Quintile	0.0	9.0	-0.1	84.8	162	0.2	0.0	76.0	0.0	27.1
All	0.0	2.1	0.0	100.0	36	0.1	0.0	100.0	0.0	20.8
Addendum										
80-90	0.0	4.6	0.0	15.8	60	0.2	0.0	14.9	0.0	20.8
90-95	0.0	7.2	-0.1	16.2	127	0.2	0.0	11.4	0.1	23.3
95-99	0.0	16.9	-0.1	33.2	316	0.3	0.0	18.6	0.1	27.0
Top 1 Percent	0.0	30.4	-0.1	19.7	732	0.1	0.0	31.2	0.0	34.2
Top 0.1 Percent	0.0	32.5	0.0	2.3	901	0.0	0.0	14.2	0.0	35.3

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Lowest Quintile	10,234	20.4	18,852	3.1	-1,667	-1.3	20,519	4.3	-8.8
Second Quintile	10,415	20.7	40,647	6.8	1,737	1.4	38,909	8.2	4.3
Middle Quintile	10,074	20.0	74,066	12.0	9,074	7.1	64,993	13.3	12.3
Fourth Quintile	9,897	19.7	126,678	20.1	21,809	16.7	104,870	21.0	17.2
Top Quintile	9,368	18.6	388,066	58.4	105,087	76.0	282,978	53.7	27.1
All	50,272	100.0	123,886	100.0	25,761	100.0	98,125	100.0	20.8
Addendum									
80-90	4,730	9.4	195,763	14.9	40,693	14.9	155,070	14.9	20.8
90-95	2,275	4.5	280,240	10.2	65,088	11.4	215,152	9.9	23.2
95-99	1,882	3.7	473,252	14.3	127,515	18.5	345,738	13.2	26.9
Top 1 Percent	482	1.0	2,453,236	19.0	838,846	31.2	1,614,390	15.8	34.2
Top 0.1 Percent	47	0.1	11,186,185	8.4	3,943,203	14.2	7,242,982	6.9	35.3

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-3).

* Less than 0.05

Note: Tax units with children are those claiming an exemption for children at home or away from home.

(1) Calendar year. Baseline is a 15 percent nonrefundable credit on the first \$1,000,000 of debt. Proposal would reduce the maximum amount of debt eligible for the 15 percent non-refundable credit to \$500,000 of debt on a primary residence, second home, and/or a home equity loan. Estimates are static and do not assume that taxpayers would adjust their investment portfolio and pay down their mortgage balance if their tax benefit from mortgage interest was reduced. For a description of TPC's current law baseline, see <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2015 dollars): 20% \$15,856; 40% \$29,550; 60% \$51,312; 80% \$85,800; 90% \$124,732; 95% \$174,098; 99% \$413,202; 99.9% \$2,095,408.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

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

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

Table T15-0228
Reduce the the Maximum Amount of Debt Eligible for the 15 Percent Non-refundable Credit from \$1,000,000 to \$500,000
Baseline: Replace the Mortgage Interest Deduction with a 15 Percent Non-refundable Credit
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹
Detail Table - Elderly Tax Units

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.2	0.0	1.7
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	1.2	0.0	2.6
Middle Quintile	0.0	*	0.0	1.8	1	0.0	0.0	4.8	0.0	5.9
Fourth Quintile	0.0	0.2	0.0	5.2	2	0.0	0.0	13.0	0.0	11.7
Top Quintile	0.0	2.4	0.0	93.0	47	0.1	0.0	80.3	0.0	26.0
All	0.0	0.4	0.0	100.0	8	0.1	0.0	100.0	0.0	17.8
Addendum										
80-90	0.0	0.7	0.0	9.3	9	0.0	0.0	13.2	0.0	17.2
90-95	0.0	1.1	0.0	9.3	19	0.1	0.0	10.7	0.0	20.4
95-99	0.0	5.3	0.0	27.4	79	0.1	0.0	15.4	0.0	24.7
Top 1 Percent	0.0	16.5	0.0	47.0	456	0.1	0.0	41.0	0.0	35.0
Top 0.1 Percent	0.0	18.9	0.0	8.3	609	0.0	0.0	22.6	0.0	36.5

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	6,761	16.4	11,850	2.6	197	0.2	11,653	3.1	1.7	
Second Quintile	10,923	26.5	24,835	8.6	635	1.2	24,201	10.2	2.6	
Middle Quintile	9,410	22.9	47,748	14.3	2,824	4.8	44,923	16.4	5.9	
Fourth Quintile	7,396	18.0	83,981	19.8	9,828	13.0	74,153	21.2	11.7	
Top Quintile	6,233	15.1	277,400	55.0	71,982	80.3	205,418	49.6	26.0	
All	41,164	100.0	76,347	100.0	13,575	100.0	62,772	100.0	17.8	
Addendum										
80-90	3,290	8.0	130,820	13.7	22,424	13.2	108,397	13.8	17.1	
90-95	1,531	3.7	191,752	9.3	39,027	10.7	152,724	9.1	20.4	
95-99	1,087	2.6	321,464	11.1	79,217	15.4	242,247	10.2	24.6	
Top 1 Percent	325	0.8	2,015,265	20.9	703,950	41.0	1,311,315	16.5	34.9	
Top 0.1 Percent	43	0.1	8,080,211	11.0	2,949,625	22.6	5,130,586	8.5	36.5	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-3).

* Less than 0.05

Note: Elderly tax units are those with either head or spouse (if filing jointly) age 65 or older.

(1) Calendar year. Baseline is a 15 percent nonrefundable credit on the first \$1,000,000 of debt. Proposal would reduce the maximum amount of debt eligible for the 15 percent non-refundable credit to \$500,000 of debt on a primary residence, second home, and/or a home equity loan. Estimates are static and do not assume that taxpayers would adjust their investment portfolio and pay down their mortgage balance if their tax benefit from mortgage interest was reduced. For a description of TPC's current law baseline, see <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

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(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2015 dollars): 20% \$15,856; 40% \$29,550; 60% \$51,312; 80% \$85,800; 90% \$124,732; 95% \$174,098; 99% \$413,202; 99.9% \$2,095,408.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

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

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