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Table T11-0083
Replace Mortgage Interest Deduction with a 12 Percent Non-Refundable Credit
Limit Mortgages Eligible for Credit to \$500,000
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2015¹
Summary Table

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 (\$)	Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase				Change (%) Points)	Under the Proposal
Lowest Quintile	3.2	0.1	0.0	-0.3	-4	0.0	5.4
Second Quintile	17.2	2.0	0.1	-2.3	-39	-0.1	12.4
Middle Quintile	24.3	16.8	-0.1	1.9	36	0.1	19.1
Fourth Quintile	10.7	44.6	-0.8	25.3	583	0.6	23.4
Top Quintile	1.5	60.7	-0.9	75.4	1,982	0.6	30.0
All	11.6	20.4	-0.6	100.0	389	0.5	25.0
Addendum							
80-90	2.6	61.5	-1.1	25.0	1,305	0.8	26.5
90-95	0.3	64.9	-1.3	20.4	2,166	1.0	27.8
95-99	0.1	59.1	-1.1	23.2	3,080	0.8	29.4
Top 1 Percent	0.5	39.3	-0.3	6.8	3,511	0.2	34.2
Top 0.1 Percent	1.3	19.7	0.0	0.5	2,443	0.0	37.2

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

Number of AMT Taxpayers (millions). Baseline: 25.7

Proposal: 28.8

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 law. Proposal: replaces the mortgage interest deduction with a 12 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 12 percent non-refundable credit raises \$63.8 billion relative to 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) The cash 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 2009 dollars): 20% \$20,801; 40% \$40,054; 60% \$70,916; 80% \$122,764; 90% \$178,595; 95% \$252,189; 99% \$668,398; 99.9% \$3,077,636.

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

(5) 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.

(6) 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.

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Distribution of Federal Tax Change by Cash Income Percentile, 2015 ¹
Detail Table

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	3.2	0.1	0.0	-0.3	-4	-0.6	0.0	0.8	0.0	5.4
Second Quintile	17.2	2.0	0.1	-2.3	-39	-1.0	-0.1	4.1	-0.1	12.4
Middle Quintile	24.3	16.8	-0.1	1.9	36	0.3	-0.2	10.4	0.1	19.1
Fourth Quintile	10.7	44.6	-0.8	25.3	583	2.6	0.1	18.5	0.6	23.4
Top Quintile	1.5	60.7	-0.9	75.4	1,982	2.1	0.2	66.2	0.6	30.0
All	11.6	20.4	-0.6	100.0	389	1.9	0.0	100.0	0.5	25.0
Addendum										
80-90	2.6	61.5	-1.1	25.0	1,305	3.3	0.2	14.4	0.8	26.5
90-95	0.3	64.9	-1.3	20.4	2,166	3.6	0.2	10.7	1.0	27.8
95-99	0.1	59.1	-1.1	23.2	3,080	2.7	0.1	16.0	0.8	29.4
Top 1 Percent	0.5	39.3	-0.3	6.8	3,511	0.5	-0.3	25.1	0.2	34.2
Top 0.1 Percent	1.3	19.7	0.0	0.5	2,443	0.1	-0.2	12.5	0.0	37.2

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

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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	
Lowest Quintile	41,611	25.4	12,378	667	11,712	5.4	3.7	4.6	0.8	
Second Quintile	36,634	22.3	31,691	3,953	27,738	12.5	8.3	9.6	4.2	
Middle Quintile	33,094	20.2	57,583	10,940	46,644	19.0	13.6	14.6	10.5	
Fourth Quintile	27,684	16.9	99,858	22,795	77,063	22.8	19.7	20.1	18.4	
Top Quintile	24,239	14.8	318,674	93,590	225,085	29.4	55.0	51.5	66.0	
All	163,952	100.0	85,596	20,970	64,626	24.5	100.0	100.0	100.0	
Addendum										
80-90	12,202	7.4	156,402	40,138	116,263	25.7	13.6	13.4	14.3	
90-95	5,998	3.7	223,929	60,011	163,918	26.8	9.6	9.3	10.5	
95-99	4,810	2.9	395,693	113,393	282,300	28.7	13.6	12.8	15.9	
Top 1 Percent	1,228	0.8	2,091,853	711,037	1,380,816	34.0	18.3	16.0	25.4	
Top 0.1 Percent	125	0.1	9,410,020	3,495,400	5,914,621	37.2	8.4	7.0	12.7	

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

Number of AMT Taxpayers (millions). Baseline: 25.7 Proposal: 28.8

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 law. Proposal: replaces the mortgage interest deduction with a 12 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 12 percent non-refundable credit raises \$63.8 billion relative to current law.

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Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2015¹
Detail Table

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	1.7	0.0	0.0	-0.1	-2	-0.6	0.0	0.3	0.0	2.8
Second Quintile	16.6	2.5	0.1	-1.9	-35	-1.1	-0.1	3.1	-0.1	11.1
Middle Quintile	21.0	14.9	-0.1	2.7	53	0.6	-0.1	8.4	0.1	17.6
Fourth Quintile	15.2	36.4	-0.7	22.2	456	2.4	0.1	17.6	0.5	22.8
Top Quintile	3.8	53.0	-0.8	77.1	1,589	2.0	0.1	70.5	0.6	29.7
All	11.6	20.4	-0.6	100.0	389	1.9	0.0	100.0	0.5	25.0
Addendum										
80-90	6.4	52.4	-1.1	26.1	1,068	3.2	0.2	15.6	0.8	26.3
90-95	1.8	57.4	-1.2	20.4	1,678	3.3	0.2	11.7	0.9	27.6
95-99	0.4	52.7	-1.0	23.6	2,457	2.6	0.1	17.2	0.7	29.1
Top 1 Percent	0.4	36.9	-0.3	7.0	3,010	0.5	-0.4	26.1	0.2	33.9
Top 0.1 Percent	1.2	18.8	0.0	0.5	2,215	0.1	-0.2	13.0	0.0	37.0

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2015¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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
Lowest Quintile	34,536	21.1	11,581	326	11,255	2.8	2.9	3.7	0.3
Second Quintile	34,047	20.8	28,812	3,245	25,567	11.3	7.0	8.2	3.2
Middle Quintile	32,732	20.0	50,953	8,916	42,037	17.5	11.9	13.0	8.5
Fourth Quintile	31,021	18.9	87,111	19,379	67,732	22.3	19.3	19.8	17.5
Top Quintile	30,926	18.9	269,014	78,232	190,782	29.1	59.3	55.7	70.4
All	163,952	100.0	85,596	20,970	64,626	24.5	100.0	100.0	100.0
Addendum									
80-90	15,571	9.5	133,326	33,925	99,401	25.4	14.8	14.6	15.4
90-95	7,752	4.7	191,738	51,233	140,504	26.7	10.6	10.3	11.6
95-99	6,122	3.7	337,285	95,745	241,540	28.4	14.7	14.0	17.1
Top 1 Percent	1,481	0.9	1,817,634	612,910	1,204,723	33.7	19.2	16.8	26.4
Top 0.1 Percent	148	0.1	8,307,026	3,070,967	5,236,059	37.0	8.8	7.3	13.2

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

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

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Limit Mortgages Eligible for Credit to \$500,000
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2015¹
Detail Table - Single Tax Units

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	2.0	0.0	0.0	-0.4	-2	-0.3	0.0	1.4	0.0	7.4
Second Quintile	8.6	1.0	0.1	-2.2	-12	-0.5	-0.1	4.9	-0.1	11.1
Middle Quintile	16.7	4.3	0.1	-3.1	-19	-0.3	-0.2	11.9	-0.1	17.8
Fourth Quintile	17.4	20.9	-0.3	19.9	155	1.1	0.0	20.8	0.3	23.5
Top Quintile	5.9	38.1	-0.7	85.7	821	1.6	0.3	61.0	0.5	30.5
All	9.6	9.7	-0.4	100.0	129	1.1	0.0	100.0	0.3	24.0
Addendum										
80-90	9.1	36.8	-0.8	29.9	538	2.1	0.2	16.0	0.6	27.3
90-95	3.8	42.0	-0.9	21.9	863	2.3	0.1	10.8	0.6	28.4
95-99	0.8	38.8	-0.8	26.4	1,350	2.0	0.1	14.8	0.6	29.3
Top 1 Percent	0.2	28.7	-0.3	7.6	1,933	0.4	-0.1	19.4	0.2	36.6
Top 0.1 Percent	1.2	17.1	-0.1	0.7	1,922	0.1	-0.1	9.3	0.0	40.6

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2015¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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
Lowest Quintile	18,853	25.7	8,801	652	8,149	7.4	4.6	5.6	1.5
Second Quintile	17,002	23.2	22,164	2,462	19,702	11.1	10.5	12.3	4.9
Middle Quintile	15,062	20.6	38,011	6,782	31,229	17.8	16.0	17.2	12.0
Fourth Quintile	12,111	16.5	62,667	14,562	48,105	23.2	21.2	21.3	20.8
Top Quintile	9,857	13.5	174,142	52,238	121,905	30.0	47.9	44.0	60.7
All	73,231	100.0	48,892	11,587	37,305	23.7	100.0	100.0	100.0
Addendum									
80-90	5,249	7.2	95,614	25,546	70,067	26.7	14.0	13.5	15.8
90-95	2,394	3.3	136,698	37,914	98,784	27.7	9.1	8.7	10.7
95-99	1,843	2.5	234,724	67,471	167,253	28.7	12.1	11.3	14.7
Top 1 Percent	371	0.5	1,225,975	446,676	779,299	36.4	12.7	10.6	19.5
Top 0.1 Percent	33	0.1	5,940,430	2,409,911	3,530,520	40.6	5.5	4.3	9.4

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

(5) 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.

(6) 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.

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Limit Mortgages Eligible for Credit to \$500,000
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2015¹
Detail Table - Married Tax Units Filing Jointly

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	1.1	0.0	0.0	0.0	-2	-0.3	0.0	0.2	0.0	3.9
Second Quintile	27.7	4.7	0.2	-1.3	-73	-1.7	-0.1	1.6	-0.2	11.4
Middle Quintile	25.2	25.4	-0.3	3.2	137	1.3	-0.1	5.4	0.2	16.8
Fourth Quintile	14.1	46.9	-0.8	20.7	670	2.9	0.1	15.4	0.6	22.2
Top Quintile	2.7	60.5	-0.9	77.5	1,986	2.1	0.0	77.3	0.6	29.4
All	13.0	35.6	-0.7	100.0	794	2.1	0.0	100.0	0.6	26.2
Addendum										
80-90	5.0	61.2	-1.2	25.4	1,362	3.5	0.2	15.8	0.9	25.8
90-95	1.0	64.7	-1.3	20.9	2,055	3.5	0.2	12.8	0.9	27.4
95-99	0.2	59.0	-1.1	24.1	2,962	2.7	0.1	19.2	0.8	29.1
Top 1 Percent	0.5	39.6	-0.3	7.2	3,386	0.5	-0.5	29.6	0.2	33.2
Top 0.1 Percent	1.2	19.3	0.0	0.5	2,295	0.1	-0.3	14.6	0.0	36.3

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2015¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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
Lowest Quintile	7,016	11.3	15,244	597	14,647	3.9	1.2	1.5	0.2
Second Quintile	8,791	14.2	37,117	4,286	32,831	11.6	3.6	4.3	1.6
Middle Quintile	11,579	18.6	65,919	10,922	54,997	16.6	8.5	9.5	5.5
Fourth Quintile	15,217	24.5	107,443	23,212	84,231	21.6	18.2	19.2	15.3
Top Quintile	19,258	31.0	321,382	92,620	228,761	28.8	68.8	65.9	77.3
All	62,127	100.0	144,829	37,148	107,680	25.7	100.0	100.0	100.0
Addendum									
80-90	9,186	14.8	156,560	39,084	117,476	25.0	16.0	16.1	15.6
90-95	5,015	8.1	219,522	57,975	161,547	26.4	12.2	12.1	12.6
95-99	4,010	6.5	386,933	109,684	277,249	28.4	17.2	16.6	19.1
Top 1 Percent	1,046	1.7	2,005,770	663,417	1,342,353	33.1	23.3	21.0	30.1
Top 0.1 Percent	106	0.2	8,907,559	3,228,607	5,678,952	36.3	10.5	9.0	14.9

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

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Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2015¹
Detail Table - Head of Household Tax Units

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	1.2	0.0	0.0	-0.4	-2	0.3	0.0	-2.6	0.0	-4.5
Second Quintile	20.5	3.1	0.1	-8.8	-43	-1.2	-0.4	13.1	-0.1	10.7
Middle Quintile	22.4	21.1	-0.2	9.3	66	0.6	-0.3	26.2	0.1	18.9
Fourth Quintile	10.5	45.4	-0.9	44.8	567	2.9	0.3	28.4	0.7	23.6
Top Quintile	2.3	55.0	-1.1	55.1	1,630	2.9	0.4	34.7	0.8	28.5
All	12.6	13.4	-0.4	100.0	148	1.8	0.0	100.0	0.3	17.9
Addendum										
80-90	3.6	52.3	-1.2	24.5	1,142	3.5	0.2	12.8	0.9	26.5
90-95	0.0	61.1	-1.6	13.8	2,089	4.4	0.1	5.8	1.2	27.8
95-99	0.0	60.0	-1.2	13.7	2,829	3.4	0.1	7.4	0.9	27.2
Top 1 Percent	0.2	47.3	-0.3	3.2	3,388	0.6	-0.1	8.8	0.2	33.8
Top 0.1 Percent	1.0	23.1	-0.1	0.2	3,078	0.1	-0.1	3.9	0.0	36.8

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2015¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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	
Lowest Quintile	8,415	32.2	14,797	-662	15,458	-4.5	10.2	12.9	-2.6	
Second Quintile	7,867	30.1	34,037	3,689	30,349	10.8	21.9	23.7	13.5	
Middle Quintile	5,436	20.8	55,786	10,469	45,317	18.8	24.8	24.4	26.5	
Fourth Quintile	3,045	11.7	86,543	19,829	66,715	22.9	21.5	20.1	28.1	
Top Quintile	1,303	5.0	204,531	56,567	147,964	27.7	21.8	19.1	34.4	
All	26,118	100.0	46,858	8,215	38,643	17.5	100.0	100.0	100.0	
Addendum										
80-90	826	3.2	127,224	32,602	94,623	25.6	8.6	7.7	12.6	
90-95	254	1.0	178,355	47,524	130,831	26.7	3.7	3.3	5.6	
95-99	186	0.7	318,117	83,834	234,283	26.4	4.9	4.3	7.3	
Top 1 Percent	36	0.1	1,570,245	527,485	1,042,760	33.6	4.6	3.7	8.9	
Top 0.1 Percent	3	0.0	7,706,961	2,836,542	4,870,419	36.8	1.9	1.5	4.0	

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 law. Proposal: replaces the mortgage interest deduction with a 12 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 12 percent non-refundable credit raises \$63.8 billion relative to 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) The cash 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 2009 dollars): 20% \$14,308; 40% \$26,767; 60% \$45,519; 80% \$75,099; 90% \$108,866; 95% \$155,063; 99% \$404,211; 99.9% \$1,887,502.

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

(5) 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.

(6) 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 T11-0083
Replace Mortgage Interest Deduction with a 12 Percent Non-Refundable Credit
Limit Mortgages Eligible for Credit to \$500,000
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2015¹
Detail Table - Tax Units with Children

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	0.8	0.0	0.0	0.0	-1	0.1	0.0	-0.6	0.0	-5.1
Second Quintile	23.0	5.6	0.1	-1.2	-43	-0.9	-0.1	3.4	-0.1	11.7
Middle Quintile	18.7	35.3	-0.5	6.9	258	1.9	-0.1	10.3	0.4	19.9
Fourth Quintile	3.6	65.3	-1.3	28.9	1,106	4.0	0.2	21.1	1.0	25.0
Top Quintile	0.6	75.9	-1.2	65.3	3,000	2.9	0.0	65.8	0.9	31.0
All	9.7	34.6	-1.0	100.0	776	2.9	0.0	100.0	0.7	25.8
Addendum										
80-90	1.1	77.6	-1.6	24.3	2,130	4.5	0.2	15.8	1.2	27.8
90-95	0.0	78.9	-1.8	17.6	3,351	4.7	0.2	10.9	1.3	29.1
95-99	0.1	73.4	-1.4	18.5	4,455	3.3	0.1	16.3	1.0	30.6
Top 1 Percent	0.4	49.5	-0.3	5.0	5,054	0.6	-0.5	22.9	0.2	35.2
Top 0.1 Percent	1.4	23.4	-0.1	0.3	3,153	0.1	-0.3	10.7	0.0	37.3

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2015¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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
Lowest Quintile	10,392	20.7	16,134	-823	16,957	-5.1	3.1	4.3	-0.6
Second Quintile	10,497	21.0	38,443	4,529	33,914	11.8	7.5	8.8	3.5
Middle Quintile	10,426	20.8	68,794	13,457	55,337	19.6	13.3	14.2	10.4
Fourth Quintile	10,175	20.3	115,654	27,747	87,907	24.0	21.7	22.0	20.8
Top Quintile	8,467	16.9	349,787	105,415	244,372	30.1	54.7	51.0	65.8
All	50,095	100.0	108,069	27,062	81,007	25.0	100.0	100.0	100.0
Addendum									
80-90	4,431	8.8	178,596	47,518	131,078	26.6	14.6	14.3	15.5
90-95	2,037	4.1	256,317	71,309	185,008	27.8	9.6	9.3	10.7
95-99	1,617	3.2	459,363	136,005	323,358	29.6	13.7	12.9	16.2
Top 1 Percent	384	0.8	2,359,939	825,722	1,534,218	35.0	16.7	14.5	23.4
Top 0.1 Percent	36	0.1	11,083,535	4,126,632	6,956,903	37.2	7.4	6.2	11.0

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 law. Proposal: replaces the mortgage interest deduction with a 12 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 12 percent non-refundable credit raises \$63.8 billion relative to 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) The cash 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 2009 dollars): 20% \$14,308; 40% \$26,767; 60% \$45,519; 80% \$75,099; 90% \$108,866; 95% \$155,063; 99% \$404,211; 99.9% \$1,887,502.

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

(5) 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.

(6) 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 T11-0083
Replace Mortgage Interest Deduction with a 12 Percent Non-Refundable Credit
Limit Mortgages Eligible for Credit to \$500,000
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2015 ¹
Detail Table - Elderly Tax Units

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	1.0	0.0	0.0	-0.3	-1	-0.3	0.0	0.3	0.0	2.5
Second Quintile	11.1	0.1	0.1	-12.7	-27	-2.6	-0.1	1.6	-0.1	4.1
Middle Quintile	19.9	1.8	0.1	-14.1	-42	-1.4	-0.1	3.4	-0.1	6.5
Fourth Quintile	23.2	12.3	0.0	5.4	20	0.2	0.0	10.2	0.0	13.7
Top Quintile	6.0	19.7	-0.2	121.7	402	0.5	0.1	84.5	0.1	28.4
All	12.2	6.0	-0.1	100.0	60	0.3	0.0	100.0	0.1	21.1
Addendum										
80-90	10.7	20.9	-0.3	35.8	264	1.1	0.1	11.2	0.2	20.1
90-95	4.1	19.5	-0.3	28.1	376	1.0	0.1	10.1	0.2	22.7
95-99	0.8	18.6	-0.3	39.5	558	0.7	0.1	20.1	0.2	27.2
Top 1 Percent	0.5	16.2	-0.1	18.3	864	0.2	-0.1	43.0	0.1	34.8
Top 0.1 Percent	0.8	12.1	0.0	2.9	1,227	0.0	-0.1	22.5	0.0	37.9

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2015 ¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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
Lowest Quintile	5,688	17.1	11,712	290	11,422	2.5	2.4	3.0	0.3
Second Quintile	9,342	28.1	24,859	1,038	23,821	4.2	8.4	10.2	1.7
Middle Quintile	6,733	20.3	44,610	2,959	41,651	6.6	10.9	12.8	3.4
Fourth Quintile	5,458	16.4	79,625	10,863	68,762	13.6	15.7	17.2	10.2
Top Quintile	6,004	18.1	288,858	81,487	207,371	28.2	62.7	57.0	84.3
All	33,251	100.0	83,172	17,450	65,722	21.0	100.0	100.0	100.0
Addendum									
80-90	2,692	8.1	120,595	23,924	96,671	19.8	11.7	11.9	11.1
90-95	1,483	4.5	175,090	39,353	135,737	22.5	9.4	9.2	10.1
95-99	1,408	4.2	305,770	82,674	223,097	27.0	15.6	14.4	20.1
Top 1 Percent	421	1.3	1,709,760	594,302	1,115,458	34.8	26.0	21.5	43.1
Top 0.1 Percent	46	0.1	7,425,874	2,814,840	4,611,034	37.9	12.5	9.8	22.5

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 law. Proposal: replaces the mortgage interest deduction with a 12 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 12 percent non-refundable credit raises \$63.8 billion relative to current law.

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(5) 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.

(6) 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.