

## T11-0293

## Option 1: Immediate Full Enactment

Benefits from Mortgage Interest Deduction and 15-Percent Non-Refundable Credit, 2015 <sup>1</sup>

## Baseline: Current Policy

Cash Income Level (thousands of 2011 dollars)	Tax Units (thousands) <sup>3</sup>	Current Mortgage Interest Deduction				Proposal: 15 Percent Non-refundable Credit <sup>2</sup>			
		Tax Units with Benefit		Average Benefit (dollars)		Tax Units with Benefit		Average Benefit (dollars)	
		Number (thousands)	Percent within Class	All Tax Units	Tax Units with Benefit	Number (thousands)	Percent within Class	All Tax Units	Tax Units with Benefit
Less than 10	18,828	0	0.0	0	0	0	0.0	0	25
10-20	26,753	214	0.8	2	289	963	3.6	7	191
20-30	20,164	665	3.3	20	601	2,117	10.5	41	393
30-40	16,562	1,342	8.1	56	697	3,776	22.8	110	482
40-50	13,738	2,129	15.5	144	930	4,698	34.2	228	666
50-75	24,031	6,681	27.8	379	1,362	11,487	47.8	440	921
75-100	14,893	6,478	43.5	762	1,751	8,370	56.2	744	1,325
100-125	10,050	5,638	56.1	1,271	2,267	6,181	61.5	970	1,577
125-150	6,907	4,358	63.1	1,918	3,039	4,510	65.3	1,160	1,777
150-175	4,215	2,794	66.3	2,393	3,611	2,824	67.0	1,306	1,949
175-200	2,715	1,903	70.1	2,786	3,975	1,914	70.5	1,348	1,912
200-500	7,059	4,532	64.2	3,860	6,016	4,553	64.5	1,389	2,155
500-1,000	1,187	616	51.9	4,096	7,899	625	52.6	1,309	2,488
More than 1,000	603	210	34.8	3,441	9,897	212	35.2	946	2,689
All	168,946	37,506	22.2	602	2,708	52,204	30.9	394	1,273

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2).

(1) Calendar year. Estimates assume that taxpayers would adjust their investment portfolios and optimally pay down their mortgage balance if their tax benefit from mortgage interest were reduced.

(2) Proposal would replace mortgage interest deduction with a 15% non-refundable credit for mortgage interest and limit this credit to the first \$500,000 of a mortgage on primary residence only.

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