

T11-0298

Option 4: Phase Down Deduction Over 10 Year, Immediate \$500,000 Mortgage Cap
Benefits from Mortgage Interest Deduction and 15-Percent Non-Refundable Credit, 2015 ¹
Baseline: Current Law

Cash Income Level (thousands of 2011 dollars)	Tax Units (thousands) ³	Current Mortgage Interest Deduction				Proposal: 15 Percent Non-refundable Credit ²			
		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	41
10-20	26,753	214	0.8	3	416	1,043	3.9	9	233
20-30	20,164	665	3.3	24	716	2,500	12.4	53	430
30-40	16,562	1,457	8.8	67	765	4,588	27.7	146	527
40-50	13,738	2,459	17.9	180	1,005	5,468	39.8	296	745
50-75	24,031	7,762	32.3	509	1,573	12,184	50.7	608	1,199
75-100	14,893	7,238	48.6	1,164	2,395	8,489	57.0	1,154	2,025
100-125	10,050	5,829	58.0	1,753	3,023	6,221	61.9	1,635	2,639
125-150	6,907	4,421	64.0	2,243	3,506	4,538	65.7	1,993	3,033
150-175	4,215	2,807	66.6	2,703	4,057	2,845	67.5	2,298	3,406
175-200	2,715	1,917	70.6	3,257	4,613	1,928	71.0	2,410	3,394
200-500	7,059	4,532	64.2	4,034	6,278	4,574	64.8	2,604	4,019
500-1,000	1,187	613	51.6	4,950	9,598	626	52.7	2,490	4,722
More than 1,000	603	204	33.9	3,720	10,972	215	35.7	1,839	5,145
All	168,946	40,209	23.8	732	3,080	55,245	32.7	642	1,964

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 reduce mortgage interest deduction to 15 percent over ten years and then completely replace this deduction with a 15% non-refundable credit for mortgage interest. Deduction would be limited to 27 percent for 2015. The option of the credit would be available immediately. Both the credit and the deduction will be limited 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.