

## T11-0299

**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 <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
<b>Less than 10</b>	18,828	0	0.0	0	0	0	0.0	0	25
<b>10-20</b>	26,753	214	0.8	2	289	963	3.6	7	192
<b>20-30</b>	20,164	665	3.3	20	601	2,198	10.9	43	391
<b>30-40</b>	16,562	1,342	8.1	56	697	3,958	23.9	117	489
<b>40-50</b>	13,738	2,129	15.5	144	930	4,891	35.6	245	688
<b>50-75</b>	24,031	6,681	27.8	379	1,362	11,751	48.9	515	1,051
<b>75-100</b>	14,893	6,478	43.5	762	1,751	8,414	56.5	885	1,566
<b>100-125</b>	10,050	5,638	56.1	1,271	2,267	6,201	61.7	1,255	2,034
<b>125-150</b>	6,907	4,358	63.1	1,918	3,039	4,524	65.5	1,750	2,673
<b>150-175</b>	4,215	2,794	66.3	2,393	3,611	2,832	67.2	2,093	3,117
<b>175-200</b>	2,715	1,903	70.1	2,786	3,975	1,922	70.8	2,234	3,155
<b>200-500</b>	7,059	4,532	64.2	3,860	6,016	4,560	64.6	2,448	3,789
<b>500-1,000</b>	1,187	616	51.9	4,096	7,899	627	52.8	2,340	4,430
<b>More than 1,000</b>	603	210	34.8	3,441	9,897	215	35.7	1,708	4,789
<b>All</b>	168,946	37,506	22.2	602	2,708	53,049	31.4	548	1,744

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.