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Table T12-0146
20% Non-refundable Credit, Phase Down Deduction Over 5 Years, Phase In Mortgage Cap Over 5 Years
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2015 ¹
Summary Table

Cash Income Level (thousands of 2011 dollars) ²	Tax Units with Tax Increase or Cut ³				Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁵	
	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					
Less than 10	*	**	0.0	0	0.0	0.0	0	0.0	4.9
10-20	3.4	-203	*	**	0.1	-0.8	-7	0.0	3.8
20-30	11.4	-358	0.1	231	0.2	-3.5	-41	-0.2	9.4
30-40	26.0	-444	0.4	246	0.4	-8.2	-115	-0.3	13.5
40-50	35.8	-535	2.0	155	0.5	-11.2	-189	-0.4	16.2
50-75	36.7	-577	12.6	330	0.3	-17.7	-170	-0.3	19.0
75-100	21.8	-586	35.1	449	0.0	1.9	30	0.0	21.8
100-200	6.8	-584	58.5	900	-0.5	50.2	487	0.3	25.3
200-500	1.3	-606	64.5	3,291	-1.0	64.5	2,116	0.7	28.4
500-1,000	1.3	-1,006	52.8	6,209	-0.6	16.7	3,265	0.5	30.2
More than 1,000	0.7	-1,030	36.5	8,533	-0.2	8.1	3,108	0.1	36.0
All	15.5	-517	16.6	1,313	-0.2	100.0	137	0.2	24.2
Addendum									
100-125	9.6	-596	52.5	599	-0.3	11.2	257	0.9	0.0
125-150	6.1	-570	59.8	788	-0.4	13.0	436	1.2	0.0
150-175	3.8	-572	64.0	1,040	-0.5	11.7	644	1.5	0.0
175-200	2.5	-520	68.7	1,797	-0.8	14.3	1,221	2.3	0.1

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

Number of AMT Taxpayers (millions). Baseline: 27.0

Proposal: 28.9

* Less than 0.05

** Insufficient data

(1) Calendar year. Baseline is current law. Proposal would reduce mortgage interest deduction to 20 percent over five years and then completely replace this deduction with a 20% non-refundable credit for mortgage interest. Deduction would be limited to 23 percent for 2015. The option of the credit would be available immediately. Both the credit and the deduction would be limited to the first \$600,000 of a mortgage on primary residence only in 2015. 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) 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) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) 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.

(5) 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 T12-0146
20% Non-refundable Credit, Phase Down Deduction Over 5 Years, Phase In Mortgage Cap Over 5 Years
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2015 ¹
Detail Table

Cash Income Level (thousands of 2011 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	*	0.0	0.0	0.0	0	0.0	0.0	0.2	0.0	4.9
10-20	3.4	*	0.1	-0.8	-7	-1.2	0.0	0.5	0.0	3.8
20-30	11.4	0.1	0.2	-3.5	-41	-1.6	0.0	1.5	-0.2	9.4
30-40	26.0	0.4	0.4	-8.2	-115	-2.2	-0.1	2.5	-0.3	13.5
40-50	35.8	2.0	0.5	-11.2	-189	-2.4	-0.1	3.2	-0.4	16.2
50-75	36.7	12.6	0.3	-17.7	-170	-1.4	-0.2	9.1	-0.3	19.0
75-100	21.8	35.1	0.0	1.9	30	0.2	-0.1	9.2	0.0	21.8
100-200	6.8	58.5	-0.5	50.2	487	1.3	0.2	26.8	0.3	25.3
200-500	1.3	64.5	-1.0	64.5	2,116	2.5	0.3	18.6	0.7	28.4
500-1,000	1.3	52.8	-0.6	16.7	3,265	1.5	0.1	7.9	0.5	30.2
More than 1,000	0.7	36.5	-0.2	8.1	3,108	0.3	-0.1	20.4	0.1	36.0
All	15.5	16.6	-0.2	100.0	137	0.7	0.0	100.0	0.2	24.2
Addendum										
100-125	9.6	52.5	-0.3	11.2	257	0.9	0.0	8.7	0.2	24.0
125-150	6.1	59.8	-0.4	13.0	436	1.2	0.0	7.8	0.3	25.5
150-175	3.8	64.0	-0.5	11.7	644	1.5	0.0	5.8	0.4	26.1
175-200	2.5	68.7	-0.8	14.3	1,221	2.3	0.1	4.5	0.6	27.0

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

Cash Income Level (thousands of 2011 dollars) ²	Tax Units ³		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Less than 10	18,828	11.1	5,900	0.8	292	0.2	5,608	1.0	5.0	
10-20	26,753	15.8	15,859	3.1	604	0.5	15,256	3.9	3.8	
20-30	20,164	11.9	26,538	3.9	2,546	1.6	23,992	4.7	9.6	
30-40	16,562	9.8	37,305	4.5	5,147	2.6	32,158	5.2	13.8	
40-50	13,738	8.1	47,821	4.8	7,950	3.4	39,872	5.3	16.6	
50-75	24,031	14.2	65,604	11.6	12,625	9.3	52,980	12.3	19.2	
75-100	14,893	8.8	92,846	10.2	20,165	9.2	72,681	10.5	21.7	
100-200	23,887	14.1	145,539	25.5	36,351	26.6	109,188	25.2	25.0	
200-500	7,059	4.2	305,065	15.8	84,553	18.3	220,512	15.0	27.7	
500-1,000	1,187	0.7	726,148	6.3	215,715	7.9	510,433	5.9	29.7	
More than 1,000	603	0.4	3,088,329	13.7	1,107,772	20.5	1,980,557	11.5	35.9	
All	168,946	100.0	80,584	100.0	19,325	100.0	61,258	100.0	24.0	
Addendum										
100-125	10,050	6.0	119,250	8.8	28,308	8.7	90,941	8.8	23.7	
125-150	6,907	4.1	145,900	7.4	36,774	7.8	109,126	7.3	25.2	
150-175	4,215	2.5	172,643	5.3	44,337	5.7	128,306	5.2	25.7	
175-200	2,715	1.6	199,859	4.0	52,648	4.4	147,210	3.9	26.3	

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

Number of AMT Taxpayers (millions). Baseline: 27.0 Proposal: 28.9

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would reduce mortgage interest deduction to 20 percent over five years and then completely replace this deduction with a 20% non-refundable credit for mortgage interest. Deduction would be limited to 23 percent for 2015. The option of the credit would be available immediately. Both the credit and the deduction would be limited to the first \$600,000 of a mortgage on primary residence only in 2015. 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) 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) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) 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.

(5) 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 T12-0146
20% Non-refundable Credit, Phase Down Deduction Over 5 Years, Phase In Mortgage Cap Over 5 Years
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2015¹
Detail Table - Single Tax Units

Cash Income Level (thousands of 2011 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	*	0.0	0.0	0.0	0	0.0	0.0	0.8	0.0	7.3
10-20	3.9	*	0.1	-9.1	-8	-0.8	0.0	2.4	-0.1	6.4
20-30	10.9	0.2	0.2	-28.8	-38	-1.2	-0.1	4.9	-0.1	11.9
30-40	23.8	0.4	0.3	-46.8	-85	-1.5	-0.1	6.5	-0.2	15.5
40-50	33.4	1.0	0.4	-54.5	-138	-1.5	-0.1	7.3	-0.3	19.1
50-75	25.7	17.3	0.1	-15.6	-27	-0.2	-0.1	17.5	0.0	22.8
75-100	11.7	37.1	-0.2	39.0	158	0.7	0.1	11.9	0.2	25.9
100-200	4.6	44.0	-0.5	120.5	474	1.2	0.2	20.4	0.3	27.8
200-500	1.9	40.8	-0.5	66.3	1,175	1.3	0.1	10.9	0.4	30.6
500-1,000	1.4	31.3	-0.4	19.0	1,886	0.8	0.0	4.9	0.3	33.4
More than 1,000	0.4	24.2	-0.1	10.1	1,970	0.2	0.0	12.6	0.1	39.8
All	11.7	6.8	-0.1	100.0	20	0.2	0.0	100.0	0.1	22.5
Addendum										
100-125	6.8	44.0	-0.3	35.3	286	0.9	0.1	8.1	0.2	27.2
125-150	3.4	39.5	-0.4	28.0	420	1.0	0.1	5.6	0.3	28.1
150-175	1.8	48.7	-0.6	31.1	778	1.6	0.1	4.0	0.5	28.3
175-200	1.6	49.0	-0.7	26.0	1,074	2.0	0.1	2.8	0.5	28.0

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2015¹

Cash Income Level (thousands of 2011 dollars) ²	Tax Units ³		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Less than 10	14,874	18.3	5,819	2.4	425	0.8	5,394	2.9	7.3	
10-20	18,897	23.2	15,738	8.3	1,014	2.4	14,724	10.0	6.4	
20-30	12,463	15.3	26,424	9.2	3,189	4.9	23,235	10.4	12.1	
30-40	9,026	11.1	37,254	9.4	5,859	6.6	31,395	10.2	15.7	
40-50	6,458	7.9	47,583	8.6	9,230	7.4	38,352	8.9	19.4	
50-75	9,524	11.7	65,053	17.3	14,866	17.6	50,186	17.2	22.9	
75-100	4,046	5.0	91,748	10.4	23,619	11.9	68,129	9.9	25.7	
100-200	4,174	5.1	142,151	16.5	38,989	20.2	103,162	15.5	27.4	
200-500	926	1.1	311,980	8.1	94,192	10.8	217,787	7.3	30.2	
500-1,000	165	0.2	715,451	3.3	236,787	4.9	478,664	2.8	33.1	
More than 1,000	84	0.1	3,035,414	7.1	1,206,782	12.6	1,828,632	5.5	39.8	
All	81,336	100.0	44,116	100.0	9,914	100.0	34,202	100.0	22.5	
Addendum										
100-125	2,023	2.5	118,666	6.7	31,961	8.0	86,705	6.3	26.9	
125-150	1,097	1.4	146,086	4.5	40,677	5.5	105,410	4.2	27.8	
150-175	657	0.8	172,745	3.2	48,097	3.9	124,648	3.0	27.8	
175-200	398	0.5	200,183	2.2	55,027	2.7	145,156	2.1	27.5	

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

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would reduce mortgage interest deduction to 20 percent over five years and then completely replace this deduction with a 20% non-refundable credit for mortgage interest. Deduction would be limited to 23 percent for 2015. The option of the credit would be available immediately. Both the credit and the deduction would be limited to the first \$600,000 of a mortgage on primary residence only in 2015. 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) 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) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) 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.

(5) 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 T12-0146
20% Non-refundable Credit, Phase Down Deduction Over 5 Years, Phase In Mortgage Cap Over 5 Years
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2015¹
Detail Table - Married Tax Units Filing Jointly

Cash Income Level (thousands of 2011 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	3.9
10-20	1.0	0.0	0.0	0.0	-2	-0.7	0.0	0.0	0.0	1.4
20-30	11.0	0.1	0.2	-0.6	-44	-2.6	0.0	0.2	-0.2	6.3
30-40	25.2	0.3	0.5	-2.3	-153	-4.1	0.0	0.5	-0.4	9.5
40-50	38.3	0.5	0.6	-5.0	-260	-4.5	-0.1	1.0	-0.5	11.4
50-75	49.6	4.7	0.6	-15.8	-335	-3.3	-0.2	4.5	-0.5	14.9
75-100	28.8	31.5	0.1	-2.8	-68	-0.4	-0.1	7.4	-0.1	19.5
100-200	7.5	61.7	-0.4	40.9	477	1.3	0.1	30.0	0.3	24.7
200-500	1.2	68.4	-1.0	61.9	2,251	2.7	0.4	22.6	0.7	28.1
500-1,000	1.3	56.4	-0.7	16.1	3,505	1.7	0.1	9.6	0.5	29.6
More than 1,000	0.7	38.8	-0.2	7.7	3,310	0.3	-0.2	24.0	0.1	35.3
All	20.0	33.0	-0.3	100.0	364	1.0	0.0	100.0	0.3	25.7
Addendum										
100-125	10.9	54.5	-0.3	8.1	237	0.9	0.0	9.0	0.2	22.9
125-150	6.9	63.5	-0.4	10.4	410	1.1	0.0	8.9	0.3	24.9
150-175	4.3	66.8	-0.5	9.4	589	1.4	0.0	6.8	0.3	25.6
175-200	2.7	73.0	-0.9	13.0	1,255	2.4	0.1	5.4	0.6	26.8

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2015¹

Cash Income Level (thousands of 2011 dollars) ²	Tax Units ³		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Less than 10	1,193	2.0	5,175	0.1	201	0.0	4,975	0.1	3.9	
10-20	2,308	3.9	16,515	0.4	234	0.0	16,281	0.6	1.4	
20-30	2,817	4.8	26,670	0.9	1,723	0.2	24,946	1.1	6.5	
30-40	3,184	5.4	37,640	1.4	3,734	0.5	33,906	1.7	9.9	
40-50	4,125	7.0	48,277	2.3	5,761	1.1	42,516	2.7	11.9	
50-75	10,125	17.2	66,252	7.8	10,210	4.7	56,042	8.8	15.4	
75-100	8,981	15.3	93,522	9.7	18,340	7.5	75,181	10.5	19.6	
100-200	18,369	31.2	146,871	31.2	35,776	29.9	111,095	31.7	24.4	
200-500	5,889	10.0	304,115	20.7	83,102	22.3	221,014	20.2	27.3	
500-1,000	983	1.7	728,319	8.3	212,278	9.5	516,041	7.9	29.2	
More than 1,000	495	0.8	3,052,733	17.5	1,073,550	24.2	1,979,184	15.2	35.2	
All	58,870	100.0	146,762	100.0	37,356	100.0	109,406	100.0	25.5	
Addendum										
100-125	7,303	12.4	119,532	10.1	27,120	9.0	92,412	10.5	22.7	
125-150	5,445	9.3	145,848	9.2	35,836	8.9	110,012	9.3	24.6	
150-175	3,398	5.8	172,605	6.8	43,537	6.7	129,068	6.8	25.2	
175-200	2,223	3.8	199,860	5.1	52,205	5.3	147,655	5.1	26.1	

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

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would reduce mortgage interest deduction to 20 percent over five years and then completely replace this deduction with a 20% non-refundable credit for mortgage interest. Deduction would be limited to 23 percent for 2015. The option of the credit would be available immediately. Both the credit and the deduction would be limited to the first \$600,000 of a mortgage on primary residence only in 2015. 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) 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) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) 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.

(5) 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 T12-0146
20% Non-refundable Credit, Phase Down Deduction Over 5 Years, Phase In Mortgage Cap Over 5 Years
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2015¹
Detail Table - Head of Household Tax Units

Cash Income Level (thousands of 2011 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	0.0	0.0	0.0	0.0	0	0.0	0.0	-0.6	0.0	-6.5
10-20	1.5	0.0	0.0	4.9	-3	0.3	0.0	-2.2	0.0	-5.0
20-30	11.1	0.0	0.2	68.8	-43	-3.7	-0.1	2.6	-0.2	4.1
30-40	29.0	0.3	0.4	199.3	-142	-3.2	-0.3	8.7	-0.4	11.6
40-50	37.5	4.1	0.5	209.0	-216	-2.8	-0.3	10.7	-0.5	16.0
50-75	32.6	18.4	0.3	178.2	-131	-1.0	-0.2	25.3	-0.2	19.8
75-100	10.4	46.1	-0.2	-94.3	171	0.8	0.2	16.9	0.2	23.1
100-200	3.6	60.8	-0.6	-249.1	618	1.8	0.4	20.9	0.5	26.2
200-500	1.8	65.1	-1.2	-170.8	2,614	3.3	0.3	7.8	0.9	27.7
500-1,000	0.7	60.5	-0.6	-30.1	3,181	1.6	0.1	2.8	0.5	29.3
More than 1,000	1.8	38.5	-0.2	-15.8	3,564	0.3	0.0	6.9	0.1	36.6
All	16.2	9.2	0.0	100.0	-11	-0.1	0.0	100.0	0.0	16.9
Addendum										
100-125	6.2	56.5	-0.4	-70.6	317	1.1	0.1	9.6	0.3	25.4
125-150	0.8	68.4	-0.8	-89.0	835	2.2	0.1	6.1	0.6	26.9
150-175	0.0	70.4	-1.0	-61.6	1,338	3.0	0.1	3.0	0.8	26.4
175-200	0.0	50.8	-0.7	-27.9	1,003	1.9	0.0	2.2	0.5	27.6

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2015¹

Cash Income Level (thousands of 2011 dollars) ²	Tax Units ³		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Less than 10	2,630	10.1	6,699	1.5	-438	-0.6	7,137	1.9	-6.5	
10-20	5,290	20.3	15,982	7.3	-798	-2.2	16,780	9.2	-5.0	
20-30	4,577	17.5	26,748	10.5	1,144	2.7	25,604	12.1	4.3	
30-40	3,986	15.3	37,118	12.7	4,451	9.0	32,667	13.4	12.0	
40-50	2,750	10.5	47,741	11.3	7,850	11.0	39,891	11.3	16.4	
50-75	3,859	14.8	65,204	21.6	13,006	25.5	52,197	20.8	20.0	
75-100	1,567	6.0	91,930	12.4	21,068	16.8	70,862	11.5	22.9	
100-200	1,144	4.4	137,276	13.5	35,299	20.5	101,977	12.0	25.7	
200-500	185	0.7	297,897	4.7	79,798	7.5	218,099	4.2	26.8	
500-1,000	27	0.1	706,379	1.6	203,643	2.8	502,736	1.4	28.8	
More than 1,000	13	0.1	2,940,222	3.2	1,072,213	6.9	1,868,009	2.4	36.5	
All	26,121	100.0	44,620	100.0	7,531	100.0	37,089	100.0	16.9	
Addendum										
100-125	632	2.4	118,019	6.4	29,633	9.5	88,386	5.8	25.1	
125-150	303	1.2	146,384	3.8	38,549	5.9	107,835	3.4	26.3	
150-175	131	0.5	172,627	1.9	44,149	2.9	128,477	1.7	25.6	
175-200	79	0.3	198,059	1.3	53,560	2.2	144,500	1.2	27.0	

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

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would reduce mortgage interest deduction to 20 percent over five years and then completely replace this deduction with a 20% non-refundable credit for mortgage interest. Deduction would be limited to 23 percent for 2015. The option of the credit would be available immediately. Both the credit and the deduction would be limited to the first \$600,000 of a mortgage on primary residence only in 2015. 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) 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) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) 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.

(5) 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 T12-0146
20% Non-refundable Credit, Phase Down Deduction Over 5 Years, Phase In Mortgage Cap Over 5 Years
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2015 ¹
Detail Table - Tax Units with Children

Cash Income Level (thousands of 2011 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	0.0	0.0	0.0	0.0	0	0.0	0.0	-0.2	0.0	-10.6
10-20	0.6	0.0	0.0	0.0	-1	0.1	0.0	-0.6	0.0	-9.2
20-30	8.0	0.0	0.1	-0.9	-28	-4.3	0.0	0.3	-0.1	2.3
30-40	26.0	0.5	0.4	-3.6	-126	-3.0	-0.1	1.5	-0.3	10.8
40-50	36.8	3.8	0.6	-5.6	-232	-3.1	-0.1	2.3	-0.5	15.1
50-75	39.4	15.1	0.4	-9.6	-217	-1.7	-0.2	7.2	-0.3	18.5
75-100	14.4	50.3	-0.2	4.4	130	0.7	-0.1	9.1	0.1	21.7
100-200	2.9	74.6	-0.6	39.8	656	1.8	0.1	30.3	0.5	25.7
200-500	0.5	81.7	-1.4	55.0	2,926	3.5	0.5	21.8	1.0	28.9
500-1,000	1.3	69.9	-1.0	13.9	4,851	2.2	0.1	8.6	0.7	31.1
More than 1,000	0.9	51.0	-0.3	6.5	4,884	0.4	-0.2	19.6	0.2	36.6
All	14.6	29.8	-0.4	100.0	338	1.4	0.0	100.0	0.3	24.8
Addendum										
100-125	3.8	68.3	-0.4	9.5	384	1.4	0.0	9.5	0.3	24.2
125-150	3.2	76.4	-0.5	9.8	545	1.5	0.0	8.9	0.4	25.8
150-175	1.9	81.5	-0.7	8.9	838	1.9	0.0	6.5	0.5	26.5
175-200	1.0	81.4	-1.1	11.7	1,560	2.9	0.1	5.5	0.8	27.5

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

Cash Income Level (thousands of 2011 dollars) ²	Tax Units ³		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Less than 10	3,055	6.1	6,104	0.4	-647	-0.2	6,752	0.5	-10.6	
10-20	5,354	10.7	16,179	1.7	-1,484	-0.6	17,663	2.4	-9.2	
20-30	5,205	10.4	26,687	2.7	646	0.3	26,040	3.5	2.4	
30-40	4,865	9.7	37,231	3.5	4,139	1.6	33,092	4.2	11.1	
40-50	4,063	8.1	47,981	3.8	7,480	2.4	40,501	4.2	15.6	
50-75	7,481	14.9	66,213	9.6	12,467	7.4	53,745	10.4	18.8	
75-100	5,727	11.4	93,379	10.4	20,123	9.1	73,256	10.8	21.6	
100-200	10,299	20.5	146,387	29.3	36,939	30.2	109,448	29.0	25.2	
200-500	3,188	6.4	301,180	18.7	84,247	21.3	216,933	17.8	28.0	
500-1,000	488	1.0	726,899	6.9	221,065	8.6	505,834	6.4	30.4	
More than 1,000	225	0.5	3,052,860	13.3	1,112,293	19.8	1,940,567	11.2	36.4	
All	50,185	100.0	102,460	100.0	25,118	100.0	77,343	100.0	24.5	
Addendum										
100-125	4,185	8.3	119,498	9.7	28,499	9.5	90,998	9.8	23.9	
125-150	3,039	6.1	145,665	8.6	37,017	8.9	108,648	8.5	25.4	
150-175	1,805	3.6	172,444	6.1	44,828	6.4	127,616	5.9	26.0	
175-200	1,270	2.5	199,690	4.9	53,352	5.4	146,338	4.8	26.7	

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

* 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 current law. Proposal would reduce mortgage interest deduction to 20 percent over five years and then completely replace this deduction with a 20% non-refundable credit for mortgage interest. Deduction would be limited to 23 percent for 2015. The option of the credit would be available immediately. Both the credit and the deduction would be limited to the first \$600,000 of a mortgage on primary residence only in 2015. 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) 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) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) 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.

(5) 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 T12-0146
20% Non-refundable Credit, Phase Down Deduction Over 5 Years, Phase In Mortgage Cap Over 5 Years
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2015 ¹
Detail Table - Elderly Tax Units

Cash Income Level (thousands of 2011 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	1.0
10-20	0.1	0.0	0.0	0.7	0	-0.2	0.0	0.2	0.0	0.9
20-30	3.5	0.0	0.0	13.2	-7	-0.9	0.0	0.6	0.0	2.8
30-40	18.4	0.2	0.2	84.2	-58	-2.7	0.0	1.3	-0.2	5.7
40-50	24.9	0.3	0.2	99.5	-95	-2.6	0.0	1.6	-0.2	7.3
50-75	39.2	2.8	0.4	415.8	-200	-2.6	-0.2	6.8	-0.3	11.5
75-100	31.6	12.5	0.2	173.4	-149	-1.0	-0.1	7.5	-0.2	15.9
100-200	11.4	26.5	-0.1	-206.7	128	0.4	0.1	21.7	0.1	21.3
200-500	2.6	27.1	-0.3	-333.0	610	0.7	0.2	20.3	0.2	27.1
500-1,000	1.8	22.7	-0.2	-94.0	860	0.4	0.1	10.5	0.1	30.2
More than 1,000	0.6	16.9	-0.1	-53.3	913	0.1	0.0	29.3	0.0	37.1
All	13.8	5.7	0.0	100.0	-7	0.0	0.0	100.0	0.0	20.4
Addendum										
100-125	15.6	24.3	0.0	-11.6	17	0.1	0.0	6.9	0.0	19.1
125-150	9.1	26.2	-0.1	-58.8	131	0.4	0.0	6.1	0.1	21.2
150-175	6.4	28.1	-0.2	-61.2	207	0.5	0.0	5.1	0.1	22.8
175-200	9.1	33.4	-0.3	-75.0	434	0.9	0.0	3.7	0.2	24.2

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

Cash Income Level (thousands of 2011 dollars) ²	Tax Units ³		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Less than 10	2,834	7.3	6,863	0.6	65	0.0	6,798	0.8	1.0
10-20	8,975	23.1	15,942	4.7	140	0.2	15,802	5.9	0.9
20-30	5,212	13.4	26,318	4.5	743	0.6	25,575	5.5	2.8
30-40	3,903	10.0	37,346	4.8	2,188	1.4	35,158	5.7	5.9
40-50	2,851	7.3	47,663	4.5	3,578	1.6	44,085	5.2	7.5
50-75	5,623	14.5	65,129	12.0	7,696	7.0	57,434	13.3	11.8
75-100	3,151	8.1	92,429	9.6	14,878	7.6	77,551	10.1	16.1
100-200	4,366	11.2	145,274	20.9	30,751	21.6	114,523	20.7	21.2
200-500	1,477	3.8	315,054	15.3	84,723	20.2	230,331	14.1	26.9
500-1,000	296	0.8	730,232	7.1	219,482	10.5	510,750	6.2	30.1
More than 1,000	158	0.4	3,102,318	16.1	1,149,373	29.3	1,952,945	12.8	37.1
All	38,882	100.0	78,233	100.0	15,963	100.0	62,270	100.0	20.4
Addendum									
100-125	1,881	4.8	119,436	7.4	22,804	6.9	96,632	7.5	19.1
125-150	1,215	3.1	145,872	5.8	30,831	6.0	115,041	5.8	21.1
150-175	802	2.1	172,940	4.6	39,218	5.1	133,722	4.4	22.7
175-200	468	1.2	200,145	3.1	47,971	3.6	152,173	2.9	24.0

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

* Less than 0.05

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

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