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Table T13-0152
Replace the Mortgage Interest Deduction with a 15 Percent Non-Refundable Credit on the First \$250,000 of Debt
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2015 ¹
Summary Table

Cash Income Level (thousands of 2012 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	3.3
10-20	3.9	-160	*	**	0.0	-0.5	-6	0.0	1.9
20-30	10.8	-254	0.6	237	0.1	-1.9	-26	-0.1	6.6
30-40	22.7	-307	2.0	453	0.2	-4.1	-61	-0.2	11.4
40-50	31.3	-359	3.6	641	0.2	-5.0	-89	-0.2	14.1
50-75	35.6	-460	13.6	691	0.1	-7.2	-69	-0.1	17.1
75-100	36.0	-596	20.4	1,043	0.0	-0.1	-1	0.0	19.6
100-200	17.7	-530	48.8	1,369	-0.5	48.5	575	0.4	22.6
200-500	2.0	-513	67.7	3,464	-1.1	53.3	2,335	0.8	27.1
500-1,000	0.4	-811	56.5	5,976	-0.7	11.1	3,372	0.5	32.6
More than 1,000	2.0	-736	34.3	7,920	-0.1	5.9	2,702	0.1	38.8
All	19.1	-436	14.5	1,693	-0.3	100.0	161	0.2	22.9
Addendum									
100-125	24.2	-522	36.8	997	-0.3	10.3	240	0.2	21.1
125-150	12.7	-533	58.8	1,461	-0.7	20.7	791	0.6	23.4
150-175	8.3	-602	64.6	1,783	-0.9	11.2	1,103	0.7	24.0
175-200	7.2	-546	67.0	1,852	-0.8	6.4	1,202	0.6	24.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-8).

Number of AMT Taxpayers (millions). Baseline: 4.0

Proposal: 4.6

* Less than 0.05

** Insufficient data

(1) Calendar year. Baseline is current law. Proposal would replace the deduction for mortgage interest with a 15 percent non-refundable credit on the first \$250,000 of debt on a primary residence, second home, and/or a home equity loan, effective January 1, 2014. Estimates assume that taxpayers would adjust their investment portfolio and pay down their mortgage balance if their tax benefit from mortgage interest were reduced. For a description of TPC's current law baseline, see <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. 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 tax units with a change in federal tax burden of \$10 or more in absolute value.

(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 T13-0152
Replace the Mortgage Interest Deduction with a 15 Percent Non-Refundable Credit on the First \$250,000 of Debt
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2015 ¹
Detail Table

Cash Income Level (thousands of 2012 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	0.1	0.0	3.3
10-20	3.9	*	0.0	-0.5	-6	-2.1	0.0	0.2	0.0	1.9
20-30	10.8	0.6	0.1	-1.9	-26	-1.5	0.0	1.1	-0.1	6.6
30-40	22.7	2.0	0.2	-4.1	-61	-1.4	-0.1	2.6	-0.2	11.4
40-50	31.3	3.6	0.2	-5.0	-89	-1.3	-0.1	3.3	-0.2	14.1
50-75	35.6	13.6	0.1	-7.2	-69	-0.6	-0.2	10.1	-0.1	17.1
75-100	36.0	20.4	0.0	-0.1	-1	0.0	-0.1	9.5	0.0	19.6
100-200	17.7	48.8	-0.5	48.5	575	1.9	0.2	23.3	0.4	22.6
200-500	2.0	67.7	-1.1	53.3	2,335	3.1	0.3	16.0	0.8	27.1
500-1,000	0.4	56.5	-0.7	11.1	3,372	1.5	0.0	6.7	0.5	32.6
More than 1,000	2.0	34.3	-0.1	5.9	2,702	0.2	-0.2	26.9	0.1	38.8
All	19.1	14.5	-0.3	100.0	161	0.9	0.0	100.0	0.2	22.9
Addendum										
100-125	24.2	36.8	-0.3	10.3	240	1.0	0.0	9.5	0.2	21.1
125-150	12.7	58.8	-0.7	20.7	791	2.4	0.1	7.8	0.6	23.4
150-175	8.3	64.6	-0.9	11.2	1,103	2.8	0.1	3.7	0.7	24.0
175-200	7.2	67.0	-0.8	6.4	1,202	2.6	0.0	2.3	0.6	24.8

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

Cash Income Level (thousands of 2012 dollars) ²	Tax Units		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	13,758	8.6	5,491	0.6	181	0.1	5,310	0.8	3.3
10-20	22,829	14.2	15,580	2.8	296	0.2	15,283	3.6	1.9
20-30	19,028	11.9	25,863	3.9	1,724	1.2	24,139	4.7	6.7
30-40	17,708	11.1	36,613	5.2	4,232	2.6	32,381	5.9	11.6
40-50	14,571	9.1	46,902	5.4	6,718	3.4	40,184	6.0	14.3
50-75	26,865	16.8	63,716	13.6	10,981	10.3	52,735	14.6	17.2
75-100	15,478	9.7	90,823	11.2	17,778	9.6	73,045	11.6	19.6
100-200	21,848	13.6	136,192	23.6	30,204	23.0	105,988	23.8	22.2
200-500	5,910	3.7	288,460	13.5	75,836	15.7	212,624	12.9	26.3
500-1,000	854	0.5	693,862	4.7	223,053	6.7	470,809	4.1	32.2
More than 1,000	567	0.4	3,536,837	15.9	1,369,639	27.1	2,167,199	12.6	38.7
All	160,282	100.0	78,595	100.0	17,872	100.0	60,723	100.0	22.7
Addendum									
100-125	11,086	6.9	117,684	10.4	24,591	9.5	93,093	10.6	20.9
125-150	6,766	4.2	142,150	7.6	32,452	7.7	109,697	7.6	22.8
150-175	2,616	1.6	168,165	3.5	39,258	3.6	128,907	3.5	23.3
175-200	1,380	0.9	195,057	2.1	47,118	2.3	147,939	2.1	24.2

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-8).

Number of AMT Taxpayers (millions). Baseline: 4.0 Proposal: 4.6

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would replace the deduction for mortgage interest with a 15 percent non-refundable credit on the first \$250,000 of debt on a primary residence, second home, and/or a home equity loan, effective January 1, 2014. Estimates assume that taxpayers would adjust their investment portfolio and pay down their mortgage balance if their tax benefit from mortgage interest were reduced. For a description of TPC's current law baseline, see

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. 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 tax units with a change in federal tax burden of \$10 or more in absolute value.

(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 T13-0152
Replace the Mortgage Interest Deduction with a 15 Percent Non-Refundable Credit on the First \$250,000 of Debt
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2015 ¹
Detail Table - Single Tax Units

Cash Income Level (thousands of 2012 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	0.6	0.0	7.4
10-20	5.1	*	0.1	-2.8	-8	-0.8	0.0	2.3	-0.1	6.6
20-30	12.6	0.1	0.1	-7.8	-31	-1.1	-0.1	4.6	-0.1	11.1
30-40	24.2	0.7	0.2	-12.1	-57	-1.0	-0.1	7.5	-0.2	14.8
40-50	33.5	1.8	0.2	-11.8	-77	-0.9	-0.1	8.5	-0.2	18.2
50-75	22.7	22.8	-0.2	19.1	83	0.6	0.0	20.5	0.1	21.7
75-100	11.7	41.5	-0.6	30.8	374	1.7	0.1	11.8	0.4	24.4
100-200	4.7	48.4	-0.8	54.2	759	2.2	0.3	16.4	0.6	26.4
200-500	0.6	41.9	-0.7	22.2	1,437	1.7	0.1	8.7	0.5	29.7
500-1,000	0.2	36.6	-0.5	5.4	2,317	1.0	0.0	3.6	0.3	34.1
More than 1,000	2.9	20.9	-0.1	2.7	1,651	0.1	-0.1	15.4	0.1	41.3
All	13.5	8.3	-0.2	100.0	62	0.7	0.0	100.0	0.1	21.6
Addendum										
100-125	6.5	46.7	-0.7	22.8	571	2.0	0.1	7.8	0.5	25.6
125-150	2.0	49.4	-0.8	17.8	869	2.3	0.1	5.2	0.6	27.4
150-175	2.1	54.8	-1.0	9.5	1,301	3.0	0.1	2.2	0.8	27.0
175-200	6.2	47.6	-0.8	4.1	1,123	2.2	0.0	1.2	0.6	26.4

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

Cash Income Level (thousands of 2012 dollars) ²	Tax Units		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	10,507	14.6	5,427	1.8	401	0.6	5,026	2.1	7.4
10-20	15,568	21.6	15,496	7.6	1,032	2.4	14,464	9.0	6.7
20-30	11,176	15.5	25,685	9.1	2,874	4.7	22,811	10.2	11.2
30-40	9,526	13.2	36,575	11.0	5,451	7.6	31,124	11.9	14.9
40-50	6,840	9.5	46,685	10.1	8,552	8.6	38,133	10.5	18.3
50-75	10,274	14.3	63,117	20.4	13,627	20.5	49,491	20.4	21.6
75-100	3,678	5.1	90,100	10.4	21,629	11.7	68,471	10.1	24.0
100-200	3,188	4.4	133,751	13.4	34,495	16.1	99,256	12.7	25.8
200-500	690	1.0	292,471	6.4	85,401	8.7	207,070	5.7	29.2
500-1,000	103	0.1	699,403	2.3	235,844	3.6	463,559	1.9	33.7
More than 1,000	72	0.1	3,544,924	8.0	1,460,930	15.4	2,083,994	6.0	41.2
All	72,071	100.0	44,035	100.0	9,459	100.0	34,577	100.0	21.5
Addendum									
100-125	1,784	2.5	117,040	6.6	29,361	7.7	87,679	6.3	25.1
125-150	916	1.3	142,986	4.1	38,234	5.1	104,751	3.9	26.7
150-175	326	0.5	168,630	1.7	44,142	2.1	124,488	1.6	26.2
175-200	162	0.2	195,386	1.0	50,477	1.2	144,909	0.9	25.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-8).

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would replace the deduction for mortgage interest with a 15 percent non-refundable credit on the first \$250,000 of debt on a primary residence, second home, and/or a home equity loan, effective January 1, 2014. Estimates assume that taxpayers would adjust their investment portfolio and pay down their mortgage balance if their tax benefit from mortgage interest were reduced. For a description of TPC's current law baseline, see <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. 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 tax units with a change in federal tax burden of \$10 or more in absolute value.

(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 T13-0152
Replace the Mortgage Interest Deduction with a 15 Percent Non-Refundable Credit on the First \$250,000 of Debt
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2015 ¹
Detail Table - Married Tax Units Filing Jointly

Cash Income Level (thousands of 2012 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	3.2
10-20	0.1	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	-1.8
20-30	7.7	0.1	0.1	-0.4	-22	-5.3	0.0	0.1	-0.1	1.5
30-40	19.1	2.7	0.2	-1.5	-74	-3.4	0.0	0.4	-0.2	5.7
40-50	24.8	4.5	0.2	-2.5	-105	-2.6	0.0	0.9	-0.2	8.3
50-75	45.9	6.3	0.4	-12.9	-208	-2.4	-0.2	5.0	-0.3	12.9
75-100	47.9	9.0	0.3	-11.6	-223	-1.4	-0.2	8.1	-0.2	17.5
100-200	20.7	48.1	-0.5	45.6	504	1.7	0.2	26.2	0.4	21.7
200-500	2.2	71.4	-1.1	63.1	2,437	3.3	0.4	19.3	0.9	26.6
500-1,000	0.4	59.6	-0.8	13.2	3,549	1.6	0.1	8.1	0.5	32.4
More than 1,000	1.8	36.7	-0.1	7.0	2,881	0.2	-0.2	31.7	0.1	38.5
All	26.4	23.7	-0.3	100.0	315	1.0	0.0	100.0	0.2	24.5
Addendum										
100-125	29.0	33.2	-0.1	5.5	123	0.5	-0.1	10.2	0.1	19.9
125-150	15.0	59.7	-0.7	21.1	741	2.4	0.1	8.9	0.5	22.5
150-175	9.5	66.3	-0.8	11.7	1,047	2.7	0.1	4.3	0.6	23.5
175-200	7.6	70.1	-0.8	7.3	1,197	2.6	0.0	2.8	0.6	24.5

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

Cash Income Level (thousands of 2012 dollars) ²	Tax Units		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	1,225	2.0	4,634	0.1	147	0.0	4,486	0.1	3.2
10-20	2,482	4.0	16,145	0.5	-287	0.0	16,431	0.7	-1.8
20-30	3,253	5.3	26,193	1.0	411	0.1	25,783	1.4	1.6
30-40	3,949	6.4	36,813	1.8	2,182	0.4	34,631	2.2	5.9
40-50	4,568	7.4	47,297	2.6	4,038	0.9	43,259	3.2	8.5
50-75	12,103	19.6	64,376	9.5	8,541	5.2	55,834	10.9	13.3
75-100	10,130	16.4	91,232	11.3	16,176	8.3	75,056	12.3	17.7
100-200	17,635	28.5	136,887	29.5	29,256	26.1	107,631	30.6	21.4
200-500	5,043	8.2	287,748	17.8	74,207	18.9	213,541	17.4	25.8
500-1,000	725	1.2	692,769	6.1	221,174	8.1	471,595	5.5	31.9
More than 1,000	473	0.8	3,483,115	20.2	1,337,579	31.9	2,145,536	16.4	38.4
All	61,905	100.0	132,067	100.0	31,997	100.0	100,070	100.0	24.2
Addendum									
100-125	8,711	14.1	117,867	12.6	23,335	10.3	94,532	13.3	19.8
125-150	5,555	9.0	142,053	9.7	31,261	8.8	110,793	9.9	22.0
150-175	2,184	3.5	168,074	4.5	38,415	4.2	129,659	4.6	22.9
175-200	1,185	1.9	194,987	2.8	46,505	2.8	148,482	2.8	23.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-8).

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would replace the deduction for mortgage interest with a 15 percent non-refundable credit on the first \$250,000 of debt on a primary residence, second home, and/or a home equity loan, effective January 1, 2014. Estimates assume that taxpayers would adjust their investment portfolio and pay down their mortgage balance if their tax benefit from mortgage interest were reduced. For a description of TPC's current law baseline, see

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(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. 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 tax units with a change in federal tax burden of \$10 or more in absolute value.

(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 T13-0152
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Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2015 ¹
Detail Table - Head of Household Tax Units

Cash Income Level (thousands of 2012 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	-1.4	0.0	-16.2
10-20	0.8	*	0.0	-0.6	-1	0.1	0.0	-6.4	0.0	-12.9
20-30	6.2	2.1	0.1	-6.4	-13	2.8	0.0	-1.4	-0.1	-1.8
30-40	19.1	4.5	0.2	-22.1	-49	-1.6	-0.2	7.9	-0.1	8.1
40-50	34.4	6.2	0.3	-33.1	-100	-1.6	-0.3	12.1	-0.2	13.2
50-75	39.7	8.2	0.2	-55.0	-119	-1.1	-0.5	30.3	-0.2	17.4
75-100	20.2	38.5	-0.4	40.9	250	1.4	0.1	18.0	0.3	20.6
100-200	6.1	63.8	-1.1	116.4	1,140	3.6	0.6	19.8	0.9	24.8
200-500	0.2	69.1	-1.5	49.7	3,147	4.0	0.3	7.7	1.1	28.3
500-1,000	0.0	56.8	-0.6	5.9	2,873	1.3	0.0	2.7	0.4	31.8
More than 1,000	3.1	32.9	-0.1	4.2	2,888	0.2	0.0	10.6	0.1	37.1
All	16.3	8.2	-0.1	100.0	36	0.6	0.0	100.0	0.1	13.7
Addendum										
100-125	8.0	61.2	-1.0	55.0	923	3.4	0.3	10.0	0.8	24.2
125-150	4.2	70.3	-1.2	36.3	1,266	3.6	0.2	6.2	0.9	25.8
150-175	1.8	64.9	-1.4	19.4	1,775	4.5	0.1	2.7	1.1	24.3
175-200	0.0	50.1	-1.3	5.8	1,904	3.9	0.0	0.9	1.0	26.1

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

Cash Income Level (thousands of 2012 dollars) ²	Tax Units		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	1,905	8.0	6,415	1.2	-1,042	-1.4	7,457	1.6	-16.2
10-20	4,539	19.1	15,554	6.8	-2,006	-6.4	17,560	8.9	-12.9
20-30	4,290	18.1	26,064	10.7	-445	-1.4	26,509	12.7	-1.7
30-40	3,808	16.0	36,456	13.3	2,998	8.0	33,458	14.2	8.2
40-50	2,797	11.8	46,855	12.6	6,292	12.4	40,562	12.6	13.4
50-75	3,923	16.5	63,261	23.8	11,140	30.8	52,120	22.7	17.6
75-100	1,387	5.8	90,105	12.0	18,288	17.9	71,817	11.1	20.3
100-200	866	3.7	131,590	11.0	31,430	19.2	100,159	9.7	23.9
200-500	134	0.6	290,035	3.7	78,826	7.4	211,209	3.1	27.2
500-1,000	17	0.1	697,882	1.2	218,881	2.7	479,001	0.9	31.4
More than 1,000	12	0.1	3,314,596	3.9	1,227,823	10.6	2,086,774	2.9	37.0
All	23,746	100.0	43,843	100.0	5,976	100.0	37,867	100.0	13.6
Addendum									
100-125	505	2.1	116,678	5.7	27,267	9.7	89,411	5.0	23.4
125-150	243	1.0	141,549	3.3	35,205	6.0	106,344	2.9	24.9
150-175	92	0.4	168,648	1.5	39,228	2.6	129,420	1.3	23.3
175-200	26	0.1	196,399	0.5	49,307	0.9	147,092	0.4	25.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-8).

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would replace the deduction for mortgage interest with a 15 percent non-refundable credit on the first \$250,000 of debt on a primary residence, second home, and/or a home equity loan, effective January 1, 2014. Estimates assume that taxpayers would adjust their investment portfolio and pay down their mortgage balance if their tax benefit from mortgage interest were reduced. For a description of TPC's current law baseline, see <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. 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 tax units with a change in federal tax burden of \$10 or more in absolute value.

(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 T13-0152
Replace the Mortgage Interest Deduction with a 15 Percent Non-Refundable Credit on the First \$250,000 of Debt
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 2012 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	-0.3	0.0	-19.0
10-20	0.2	0.1	0.0	0.0	0	0.0	0.0	-1.2	0.0	-16.2
20-30	3.0	1.8	0.0	-0.1	-3	0.2	0.0	-0.6	0.0	-4.8
30-40	14.1	5.9	0.1	-0.7	-22	-1.1	0.0	0.9	-0.1	5.8
40-50	25.5	8.7	0.1	-1.5	-57	-1.1	-0.1	1.9	-0.1	11.0
50-75	40.5	12.7	0.2	-6.3	-121	-1.2	-0.2	7.6	-0.2	15.7
75-100	45.2	18.1	0.2	-4.2	-108	-0.6	-0.2	9.5	-0.1	18.5
100-200	19.9	56.4	-0.7	42.8	709	2.4	0.2	26.7	0.5	22.3
200-500	1.7	82.9	-1.5	53.0	3,150	4.2	0.5	19.2	1.1	27.3
500-1,000	0.4	69.5	-1.0	11.0	4,511	2.0	0.0	8.0	0.7	32.7
More than 1,000	2.0	47.1	-0.2	6.0	3,968	0.3	-0.3	28.2	0.1	38.3
All	20.3	22.2	-0.4	100.0	323	1.5	0.0	100.0	0.3	22.7
Addendum										
100-125	29.2	40.2	-0.3	7.4	251	1.0	0.0	10.4	0.2	20.6
125-150	13.2	68.4	-0.9	18.9	969	3.1	0.1	9.2	0.7	22.8
150-175	7.9	77.2	-1.1	10.5	1,391	3.5	0.1	4.4	0.8	24.2
175-200	6.5	79.1	-1.1	6.0	1,547	3.3	0.1	2.7	0.8	24.9

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

Cash Income Level (thousands of 2012 dollars) ²	Tax Units		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	2,529	5.0	5,929	0.3	-1,125	-0.3	7,053	0.5	-19.0
10-20	5,460	10.7	15,660	1.7	-2,539	-1.2	18,198	2.6	-16.2
20-30	5,227	10.3	25,991	2.7	-1,231	-0.6	27,222	3.7	-4.7
30-40	5,001	9.8	36,549	3.7	2,129	1.0	34,421	4.4	5.8
40-50	4,223	8.3	46,968	4.0	5,230	2.0	41,737	4.5	11.1
50-75	8,572	16.8	64,230	11.0	10,173	7.8	54,057	11.9	15.8
75-100	6,412	12.6	91,213	11.7	17,003	9.7	74,211	12.2	18.6
100-200	9,954	19.5	137,109	27.2	29,852	26.5	107,257	27.5	21.8
200-500	2,772	5.4	288,339	15.9	75,639	18.7	212,701	15.2	26.2
500-1,000	401	0.8	692,814	5.5	221,936	7.9	470,878	4.9	32.0
More than 1,000	249	0.5	3,372,806	16.7	1,288,516	28.5	2,084,290	13.3	38.2
All	50,995	100.0	98,292	100.0	22,023	100.0	76,268	100.0	22.4
Addendum									
100-125	4,855	9.5	118,116	11.4	24,071	10.4	94,045	11.7	20.4
125-150	3,217	6.3	142,188	9.1	31,509	9.0	110,679	9.2	22.2
150-175	1,239	2.4	168,368	4.2	39,273	4.3	129,095	4.1	23.3
175-200	642	1.3	194,930	2.5	47,073	2.7	147,858	2.4	24.2

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-8).

* 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 replace the deduction for mortgage interest with a 15 percent non-refundable credit on the first \$250,000 of debt on a primary residence, second home, and/or a home equity loan, effective January 1, 2014. Estimates assume that taxpayers would adjust their investment portfolio and pay down their mortgage balance if their tax benefit from mortgage interest were reduced. For a description of TPC's current law baseline, see

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. 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 tax units with a change in federal tax burden of \$10 or more in absolute value.

(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 T13-0152
Replace the Mortgage Interest Deduction with a 15 Percent Non-Refundable Credit on the First \$250,000 of Debt
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2015 ¹
Detail Table - Elderly Tax Units

Cash Income Level (thousands of 2012 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	1.6
10-20	0.3	0.0	0.0	-3.7	0	-0.4	0.0	0.2	0.0	0.7
20-30	4.0	0.0	0.0	-48.4	-8	-1.3	0.0	0.6	0.0	2.4
30-40	15.4	0.0	0.1	-189.8	-35	-2.2	0.0	1.4	-0.1	4.2
40-50	20.2	*	0.1	-265.7	-60	-2.1	0.0	2.0	-0.1	5.9
50-75	36.0	2.8	0.2	-1,012.8	-127	-2.2	-0.2	7.4	-0.2	9.0
75-100	30.4	8.0	0.1	-423.9	-108	-0.9	-0.1	7.6	-0.1	13.3
100-200	16.9	22.7	-0.1	704.3	142	0.6	0.1	19.3	0.1	17.8
200-500	3.5	32.7	-0.3	1,043.9	700	1.0	0.2	17.4	0.2	24.8
500-1,000	0.6	25.4	-0.2	191.7	866	0.4	0.0	8.0	0.1	32.1
More than 1,000	1.2	12.8	0.0	104.4	659	0.1	0.0	36.1	0.0	39.6
All	15.3	4.9	0.0	100.0	2	0.0	0.0	100.0	0.0	18.2
Addendum										
100-125	19.7	18.9	-0.1	155.6	56	0.3	0.0	8.3	0.1	15.9
125-150	15.7	25.8	-0.1	201.0	159	0.6	0.0	5.5	0.1	19.0
150-175	9.2	29.8	-0.3	214.8	365	1.1	0.0	3.2	0.2	19.7
175-200	12.1	30.5	-0.3	132.9	395	1.0	0.0	2.3	0.2	21.5

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

Cash Income Level (thousands of 2012 dollars) ²	Tax Units		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	1,763	4.9	5,956	0.4	95	0.0	5,861	0.5	1.6
10-20	6,759	18.6	15,952	4.0	115	0.2	15,838	4.9	0.7
20-30	4,929	13.6	25,739	4.7	618	0.6	25,121	5.6	2.4
30-40	4,354	12.0	36,653	5.9	1,572	1.4	35,081	6.9	4.3
40-50	3,514	9.7	46,902	6.1	2,822	2.0	44,079	7.0	6.0
50-75	6,388	17.6	63,256	15.0	5,799	7.6	57,457	16.6	9.2
75-100	3,121	8.6	89,803	10.4	12,016	7.6	77,787	11.0	13.4
100-200	3,950	10.9	134,735	19.7	23,858	19.2	110,877	19.9	17.7
200-500	1,190	3.3	289,039	12.8	71,101	17.2	217,938	11.8	24.6
500-1,000	177	0.5	692,539	4.5	221,741	8.0	470,798	3.8	32.0
More than 1,000	126	0.4	3,539,630	16.6	1,400,243	36.1	2,139,387	12.3	39.6
All	36,302	100.0	74,274	100.0	13,520	100.0	60,754	100.0	18.2
Addendum									
100-125	2,205	6.1	116,974	9.6	18,489	8.3	98,485	9.9	15.8
125-150	1,007	2.8	141,786	5.3	26,759	5.5	115,027	5.3	18.9
150-175	470	1.3	167,990	2.9	32,655	3.1	135,336	2.9	19.4
175-200	268	0.7	196,026	2.0	41,697	2.3	154,329	1.9	21.3

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-8).

* Less than 0.05

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

(1) Calendar year. Baseline is current law. Proposal would replace the deduction for mortgage interest with a 15 percent non-refundable credit on the first \$250,000 of debt on a primary residence, second home, and/or a home equity loan, effective January 1, 2014. Estimates assume that taxpayers would adjust their investment portfolio and pay down their mortgage balance if their tax benefit from mortgage interest were reduced. For a description of TPC's current law baseline, see

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