"It's an awesome tax cut," said Rep. Bill Flores (R-Tex.). "I mean, it rebuilds working-class America — great for jobs, great for the economy. It's going to be huge."

The bill would seek to balance revenue lost to the rate cuts, however, by scrapping numerous tax breaks, some of which are used by tens of millions of Americans and have large-scale support.

The change to the mortgage interest deduction drew immediate attention Thursday. Under current tax law, Americans can deduct interest payments made on their first $1 million worth of home loans. The bill would allow existing mortgages to keep the current rules, but for new mortgages, home buyers would be able to deduct interest payments made only on their first $500,000 worth of loans.

The proposal to scale back the ability of Americans to deduct state and local tax payments from their federal bill was particularly contentious during negotiations.

Republicans initially proposed eliminating that deduction entirely, but after a revolt by GOP lawmakers from New York, New Jersey and other high-tax states, the bill introduced Thursday contained a compromise. The bill would allow people to deduct their local property taxes from their taxable income, but only up to the first $10,000.

And Americans would no longer be able to deduct their medical expenses or property and casualty losses, according to a document outlining the plan. Tax credits for electric cars would be eliminated. Americans would no longer be able to deduct moving expenses or alimony payments. Large college endowments would pay taxes on their income in a way that treats them more like private foundations.

Some deductions would be expanded. The bill would nearly double the standard deduction that many Americans claim on their taxes, raising it from $12,700 to $24,000 per family. But this benefit would be partially offset by the elimination of the personal exemption that many Americans can claim, which can be large for families with multiple children.

The bill would also increase the child tax credit from $1,000 per child to $1,600. That credit would phase out once a family earns more than $230,000 a year, more than double the current $110,000 threshold.

President Donald Trump's new tax plan just dealt a blow to many would-be homeowners.

The 429-page GOP tax plan, called the "Tax Cuts and Jobs Act" was revealed on Thursday and is being billed as a boon for hard-working middle class Americans.

But Republicans have proposed paring down popular homeownership incentives, which would likely affect millennials and millions of people living in high-cost housing markets.

The tax plan cuts the $1 million limit for the home-mortgage-interest deduction in half. The deduction allows homeowners to write off the interest they pay on home loans, effectively reducing their taxable income. The bill would apply to new home purchases and make it so homeowners can only deduct interest payments on up to $500,000 worth of home loans.

In previous generations, that may have been a typical mortgage amount for a first-time homebuyer, but today's young people are different. Millennials are "skipping starter homes," Zillow CEO Spencer Rascoff said, and moving straight to the $1 million range when its time to buy their first house.

The mortgage size on a $1 million home would be $800,000 — assuming the homebuyer makes a down payment of 20% of the purchase price, though some are putting down payments as low as 10%. Under the proposed bill, the homeowner could only deduct interest on the first $500,000 of the loan, leaving them to shoulder the rest of the principal and interest payments without the benefit of a tax deduction.

"Eliminating or nullifying the tax incentives for homeownership puts home values and middle-class homeowners at risk, and from a cursory examination, this legislation appears to do just that," William E. Brown, president of the National Association of Realtors (NAR), said in a statement.

What's more, home prices — and thus, loan amounts — are much higher in pricey coastal markets like New York City, San Francisco, Boston, Los Angeles, and Washington DC. Millennial populations in these cities are only increasing.

Two powerful trade associations slammed the GOP's tax plan on Thursday, reports Business Insider's Akin Oyedele, saying the reduction of a key benefit for homeowners could hurt the market.

Jerry Howard, the CEO of NAR, estimated that 7 million homes would be excluded from the mortgage-interest deduction, amounting to about a third of the homes in California.

"You're talking about potentially causing housing recessions in some of the biggest markets in the country, and those kinds of recessions tend to have spillovers," Howard said. "We're worried about a national housing recession."

The GOP tax plan's changes to deductions would hit people in blue states hard, with limits on popular tax deductions that would have the biggest effects on people with high property taxes and expensive homes.

The tax plan doubles the standard deduction to $24,000 for a married couple, meaning most people wouldn't itemize their mortgage interest or property taxes. But for those who do, the popular mortgage interest deduction would be capped at $500,000 of the loan amount for home purchases made after Nov. 2, 2017, instead of the current $1 million cap.

The deduction of state and local property taxes would be capped at $10,000, and state and local income and sales taxes could no longer be deducted.

Some Republicans in blue states immediately expressed their opposition to the bill.

"I cannot support the current version of the tax bill because it will increase taxes for many of my constituents to subsidize tax cuts for the rest of the country," Rep. Peter T. King (R-N.Y.) said. "My job is to protect the taxpayers of Long Island and New York."

Rep. Lee Zeldin (R-N.Y.) said he could not support the bill because it didn't keep the entire state and local tax deduction. "Eliminating the SALT deduction would be a geographic redistribution of wealth, picking winners and losers," Zeldin said in a statement.

Both of the limits introduced in the tax plan are targeted at deductions popular in blue states. "If you live in New York City, where you pay high taxes and where the cost of housing is pretty high, this is a double whammy," said Howard Gleckman, a senior fellow at the Urban-Brookings Tax Policy Center.

There aren't many people with mortgages over $500,000 — only about 1 million mortgages, or about 5 percent of mortgages that originated between 2012 and 2014, according to an analysis by the United for Homes campaign, which advocates for changes to the mortgage interest deduction.

Those mortgages are most common in solidly blue states. The District of Columbia tops the list, with 27 percent of mortgages over $500,000, followed by Hawaii, California, New York, Connecticut, Virginia, New Jersey, Maryland, Massachusetts, Washington and Illinois.

"Anything that's going to impact the sacred mortgage deduction is going to have a significant impact on home values here in Connecticut, and on excitement about owning a home," said Scott Cooney, regional vice president for the Connecticut Association of Realtors.

Play Video 2:34
What's in the House GOP tax plan?

House Republican leaders on Thursday, Nov. 2 proposed legislation that would overhaul the U.S. tax code. Here's what you need to know about it. (Monica Akhtar/The Washington Post)

An analysis by the conservative Tax Foundation found that capping the mortgage interest deduction would raise $319 billion over a decade. The Tax Foundation also found that limiting the deduction would have the biggest effect in raising the taxes of people at the top of the income distribution, with very modest effects for people in the middle.

For people who make between about $49,000 and $88,000 per year, the cap could reduce after-tax income by less than a tenth of a percent.

Tendayi Kapfidze, chief economist for LendingTree, said that the tax plan could create an incentive for people who already own homes that cost more than $500,000 to stay in them, since existing homes would be grandfathered in and the new deduction limit would apply only to new home purchases.

"Say you own an $800,000 house and you're thinking of moving or trading up. If you sell your $800,000 house and buy a new $800,000 house, you've just gotten a new tax bill," Kapfidze said.

The deduction for state and local property taxes is also more commonly used in blue states — although high-income taxpayers who pay the alternative minimum tax are already barred from taking advantage of the property tax deduction.

"Anytime you're essentially targeting state and local taxes of any kind, we know that tends to zero in on the likes of New York, New Jersey, California — and those are states that some of the Republicans in Congress are hostile to — and it's a convenient target," said Mark Hamrick, a senior economic analyst at Bankrate.com.

An analysis by the Tax Foundation showed that 37 percent of filers in Connecticut took a property-tax deduction, followed by Maryland, New Jersey, Massachusetts, Virginia and Oregon.

"I think the basic thing to say about this tax bill is, like most tax bills, it is very political," Gleckman said. "This is just moving stuff around, raising taxes on some people, cutting taxes on some people — it's all political."

The National Association of Realtors has already begun its fight against the bill, with 105,000 members contacting their members of Congress, according to Evan Liddiard, senior policy representative for federal taxation.

Liddiard pointed out that Republicans and Democrats alike live in areas with high property taxes or home values. "We're worried about the effect on middle-class homeowners, and not what party they belong to," Liddiard said.