

Drew Center COVID-19 Early Tax Rebate Analysis – 3.27.2020

On Friday, March 27th, the House passed and President Trump signed a [stimulus bill](#) to help with the economic effects of the COVID-19 downturn. The bill itself is almost 900 pages long with numerous entities receiving federal funds. One part of the bill that has received a great deal of attention is the direct payment to citizens. The Drew CBEA preliminary analysis shows what taxpayers of each parish, and the area as a whole, can expect based on different estimation methods.

Parish	Apportioned by Population	Apportioned by Individual Tax Returns	Apportioned by IMPLAN Households	Apportioned by IRS SOI	Average Across All Methods
Allen	\$21,625,428	\$17,760,295	\$18,260,187	\$15,981,000	\$18,406,728
Beauregard	\$31,641,966	\$27,684,435	\$26,115,250	\$26,405,000	\$27,961,663
Calcasieu	\$171,670,133	\$181,530,352	\$145,023,202	\$148,235,000	\$161,614,672
Cameron	\$5,884,189	\$5,934,598	\$4,790,152	\$5,741,000	\$5,587,485
Jefferson Davis	\$26,469,989	\$24,229,318	\$21,551,324	\$24,443,000	\$24,173,408
Total	\$257,291,705	\$257,139,000	\$215,740,115	\$220,805,000	\$237,743,955

According to language in the bill, each individual will receive \$1,200 and \$500 for each dependent child. There are also phaseouts of the benefit above certain income limits before reaching a ceiling where no benefits will be received. The limits depend on the filing status chosen on tax returns. People filing as single with adjusted gross income (AGI) up to \$75,000 will receive \$1,200. Anything above \$75,000 will be phased out at a rate of 5% until \$99,000. Joint filers will receive \$2,400 if their AGI is below \$150,000. Anything above that will be phased out at 5% until no benefits are received if AGI is \$198,000 or more. Finally, Head of Household filers will receive \$1,200 in relief if their AGI is below \$112,500 and will be phased out at 5% until the limit of \$136,500 is reached. In terms of dependents, \$500 will be given for each dependent child in the household. This \$500 amount is phased out at 5% once the AGI hits the upper limit where no relief will be sent (Single - \$99,000, Joint - \$198,000, Head of Household - \$136,500).

The Institute on Taxation and Economic Policy (ITEP) uses these figures to [estimate](#) the amount of tax rebates going to the nation as a whole and each state individually. ITEP's estimates for Louisiana are shown below.

Impacts of Rebate in Stimulus Bill Before the Senate on March 25 in 2020 in Louisiana

Income Group	Income Range	Average Income	Total Rebate 1000's	Average Rebate	Rebate as % of Income	Share of Rebate	Share with Rebate	Avg Change for Those w/Rebate
Poorest 20%	Less than \$19,100	\$12,000	\$ + 673,200	\$ + 1,620	13.5%	17%	100%	\$ + 1,620
Second 20%	\$19,100 to \$39,500	\$29,000	\$ + 715,400	\$ + 1,720	5.9%	18%	100%	\$ + 1,720
Middle 20%	\$39,500 to \$58,600	\$49,800	\$ + 729,200	\$ + 1,820	3.7%	19%	100%	\$ + 1,820
Fourth 20%	\$58,600 to \$103,200	\$75,800	\$ + 879,900	\$ + 2,040	2.7%	22%	100%	\$ + 2,040
Next 15%	\$103,200 to \$207,400	\$139,100	\$ + 728,200	\$ + 2,330	1.7%	19%	91%	\$ + 2,570
Next 4%	\$207,400 to \$521,200	\$301,900	\$ + 44,800	\$ + 540	0.2%	1%	33%	\$ + 1,620
Richest 1%	\$521,200 or more	\$1,211,900	\$ + 1,000	\$ + 50	0.0%	0%	2%	\$ + 2,320
ALL		\$75,100	\$3,922,900	\$1,810	2.4%	100%	95%	\$ + 1,900

Louisiana will receive approximately \$4 billion in direct tax rebates to individuals. The estimates show that the highest income groups (top 4% and top 1%) get relatively little in terms of relief as many will be phased out, even with dependents. Looking at our five-parish area, estimates for the amounts going to our region can be obtained using a variety of different methods. The estimates will be very general in the sense that the Drew CBEA does not have data on individual tax returns from which to extract information for filing status, AGI, and dependents¹.

¹ The IRS Statistics on Income does have some parish level data on returns, but it does not separate number of dependents by filing status.

Apportioned by Population		
Parish	Total Share of Population	Total Amount of Funds
Allen	0.6%	\$21,625,428
Beauregard	0.8%	\$31,641,966
Calcasieu	4.4%	\$171,670,133
Cameron	0.1%	\$5,884,189
Jefferson Davis	0.7%	\$26,469,989
Total	6.6%	\$257,291,705

The first method is to apportion based on population. The Census recently released [county level population estimates](#) for all states. The share of the total state population for each parish is taken and that percentage is applied to the total rebate in the state to obtain a measure of funds. For July 1, 2019, the table shows the five parish shares of total population with that percentage applied to the total relief. The five parishes can expect to receive approximately \$257.3 million in tax relief.

The next method is to apportion by the amount of tax returns from each parish as a percentage of the entire state. According to LDR's [latest annual report](#), there were 1.9 million total returns in the state (not counting out-of-state and foreign returns). Looking at the share of tax returns filed by each parish gives a very similar outcome to the population method.

Apportioned by Percentage of Tax Returns		
Parish	Total Share of Population	Total Amount of Funds
Allen	0.5%	\$17,760,295
Beauregard	0.7%	\$27,684,435
Calcasieu	4.6%	\$181,530,352
Cameron	0.2%	\$5,934,598
Jefferson Davis	0.6%	\$24,229,318
Total	6.6%	\$257,139,000

This method shows a similar total of \$257.1 million in relief going to the area, but there are some sharp differences when looking at the individual parishes. Allen and Beauregard both show amounts that are approximately \$4 million smaller while Jefferson Davis shows a \$2.2 difference. Calcasieu shows an almost \$10 million increase while Cameron is only about \$50,000 higher

The third method consists of using IMPLAN data on households. The ITEP estimates show the average rebate received by income level. IMPLAN provides estimates of the number of households at different income levels. One problem encountered while using this method is that the income levels in IMPLAN do not match up exactly with the income levels from ITEP. However, basic assumptions were made to cross the two estimates. In order to measure the total amount of rebates for each parish, the average rebate per income level from ITEP was multiplied by the number of households at different income levels. This gave the full amount of rebates at each income level and the estimates were summed to get a total. This method results in a much lower figure for each parish. According to this method, the five-parish area can expect to see rebates totaling \$215.7 million.

Apportioned by IMPLAN Households and ITEP Average	
Parish	Total Amount of Funds
Allen	\$18,260,187
Beauregard	\$26,115,250
Calcasieu	\$145,023,202
Cameron	\$4,790,152
Jefferson Davis	\$21,551,324
Total	\$215,740,115

The final method used is to utilize the IRS Statistics on Income available at the [parish level](#). The latest data available from the IRS is from 2017 and give data on the number of federal tax returns at different levels of income. The number of returns is broken down by filing status with data for the number of dependent exemptions at different income levels. Unfortunately, the data do not show how many children are associated with each filing status. Therefore, assumptions were made to calculate the amount of individual payments going to individuals by filing status and then how much of the child rebate would be given before complete phaseout. The results show that the amount expected to be received in the five-parish area are approximately \$220.8 million.

Apportioned by IRS SOI	
Parish	Total Amount of Funds
Allen	\$15,981,000
Beauregard	\$26,405,000
Calcasieu	\$148,235,000
Cameron	\$5,741,000
Jefferson Davis	\$24,443,000
Total	\$220,805,000

Each estimation method shows that SWLA can expect to see over \$200 million in stimulus checks. While the Drew CBEA does not have precise data on individual income tax returns for the area, these methods provide a range in which we believe the actual figure will fall. The average across all methods shows individuals in the area will receive approximately \$237 billion dollars. Individuals in Allen parish will receive approximately \$18 million while Beauregard citizens will get almost \$28 million. Calcasieu, with the most citizens will get anywhere from between \$145 to \$181 million. Cameron, the smallest parish by population will receive around \$5 million while Jefferson Davis residents will receive \$24 million. These funds will hopefully mitigate the

economic downturn to some extent.