
FISCAL ISSUE BRIEF



FEDERAL COVID-19 FUNDING TAXES

Senate Counsel, Research, and Fiscal Analysis

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In response to the COVID-19 pandemic, Congress enacted a series of tax-related provisions designed to support individuals, businesses, and the economy. Among those tax-related provisions was the distribution of direct payments to eligible individuals.

Table 1: Federal COVID-19 Funding for Taxes

Law	Federal Awards with State Allocation Estimates	Amount	LAC Approved
116-136	Economic Impact Payments to Individuals	\$4,577,087	N/A

\$ in thousands

Section 2201 of Public Law No: 116-136, the Coronavirus Aid, Relief, and Economic Security (CARES) Act authorized Economic Impact Payments, also referred to as Recovery Rebates in some instances. These payments totaled \$1,200 per eligible individual (or \$2,400 for joint filers) and up to \$500 for each qualifying child.

Eligible individuals were defined as U.S. citizens and U.S. resident aliens who are not dependents of another taxpayer and have a work-eligible Social Security number with adjusted gross income up to:

- \$150,000 for married couples filing joint returns;
- \$112,500 for head of household filers; and
- \$75,000 for all other eligible individuals

Eligible individuals with Adjusted Gross Income (AGI) above these amounts would receive payments reduced by five percent for the amount their AGI exceeded the threshold. The income thresholds are based on 2019 AGI, or 2018 AGI if a 2019 return has not been filed. If a rebate is calculated based on 2018 AGI and 2019 AGI is less, taxpayers will receive the difference as a credit on the 2020 return. Eligible individuals also included those not required to file federal income tax returns, including individuals with no income.

According to the Treasury Department and the IRS, as of May 22, 2020, the federal government has made \$4.58 billion in Economic Impact Payments to 2.6 million individuals with Minnesota postal codes. These payments were made via direct deposit, via check, or in some cases in the form of a prepaid debit card.

This Fiscal Issue Brief reflects public information for federal COVID-19 funding awarded as of early June 2020. For more information about provisions discussed in this Fiscal Issue Brief, please contact Jay Willms (jay.willms@senate.mn 651-296-2090)