

HOW THE FEDERAL GOVERNMENT'S COVID-19 RESPONSE IMPACTS NEW MEXICO



REBATE CHECKS



BY THE NUMBERS:

New Mexico has unique economic challenges, so the economic crisis driven by COVID-19 might be felt more deeply and more quickly here than in other parts of the country:

- **19%** of all New Mexicans and 26% of New Mexico kids live in poverty.¹
- **1 IN 10** New Mexico workers live in poverty.
- **7%** of New Mexicans with a bachelor's degree or higher live in poverty.
- **1 IN 4** children don't always have enough to eat.²
- **10,683** New Mexico children experience homelessness over the course of a school year.³

WHAT'S INCLUDED:



The CARES Act includes rebate checks of:

- \$1,200 for individual tax filers (\$2,400 for joint filers), and an additional \$500 for every child under age 17.
- Rebates are gradually reduced for single taxpayers with incomes over \$75,000, heads of household taxpayers making more than \$112,500, and for joint filers with incomes over \$150,000. The rebate is reduced by \$5 for each \$100 by which a taxpayer's income exceeds the phase-out threshold.
- The rebate is completely phased out for single taxpayers with incomes exceeding \$99,000 and \$198,000 for joint filers.
- Amounts are based on 2018 or 2019 tax returns, whichever is the most recently filed.



WHO'S LEFT OUT⁴:



Many immigrant families

- For a household to receive a rebate, each person in the household – including children – must have a Social Security number, leaving out many New Mexico workers, residents, taxpayers, and children – including some U.S. citizen children with immigrant parents. This leaves out more than 30,000 New Mexico adults and more than 38,000 New Mexico kids, denying New Mexico families and communities more than \$55 million in recovery rebates.

Dependents of many families

- Filers may only claim the additional \$500 for dependents if they have children under age 17, which means that many dependents – including many high school and college students, and others being cared for by family members, such as seniors and adults with disabilities – won't receive those benefits.

People who didn't file a tax return

- Recovery rebates will only be automatically sent to people who filed a 2018 or 2019 tax return. However, tens of millions of people across the nation – including many New Mexicans – don't file a tax return either because their incomes are so low they don't owe federal taxes or they receive much of their income from untaxed sources (such as disability or veterans benefits). While there are some provisions in the CARES Act to reach people who receive other federal safety net benefits, the process is unclear, and there are no guarantees that New Mexico residents who did not file tax returns in 2018 or 2019 will receive the benefits they need.



WHAT'S NEXT:

Excluding so many New Mexicans from recovery rebates during a public health and economic crisis will deny crucial relief to many of the workers, families, and children facing job losses and possibly major health challenges due to the pandemic. This includes people most impacted by centuries of marginalization, such as people of color (who are disproportionately dying due to the pandemic), immigrant workers less likely to have access to paid leave and also more likely to be working in essential industries (such as food service, health care support, and agricultural fields), and families already facing economic challenges. While some of these issues may be addressed in future federal relief, policy-makers at all levels must step up to ensure that gaps in relief are filled – if not at the federal level, than at the state and local levels.

1 All poverty data come from the U.S. Census Bureau, 2018 American Community Survey

2 Feeding America, 2019

3 U.S. Interagency Council on Homelessness, 2018, <https://www.usich.gov/homelessness-statistics/nm>

4 Center on Budget and Policy Priorities, 2020