The Tax Cuts and Jobs Act’s Effects by Congressional District

The Tax Cuts and Jobs Act lowered income taxes for the vast majority of Americans, but there are geographic disparities when it comes to the impact of the law. High-income tax filers, particularly in high-tax states, are impacted differently than middle-income filers due to the new $10,000 cap on the deduction for state and local taxes paid. Family size matters too; the new child tax credit lowers taxes for a number of filers. Not everyone in the country is affected in the same way.

For example, below is a comparison between average taxpayers in Los Angeles County, California and Minnehaha County, South Dakota with adjusted gross incomes between $100k and $200k.

|  |  |  |
| --- | --- | --- |
|  | **Los Angeles County, California** | **Minnehaha County, South Dakota** |
| Filing Status | Married, Joint | Married, Joint |
| Children | One | One |
| Ordinary Income | $122,662.46 | $114,647.83 |
| Business Income | $9,759.73 | $10,688.14 |
| Qualified Income | $4,586.86 | $6,127.89 |
| *Total Income* | *$137,009.05* | *$131,463.86* |
| S&L Income/Sales Tax Deduction | $8,132.59 | $2,209.82 |
| S&L Property Tax Deduction | $4,487.45 | $4,001.61 |
| Interest Paid Deduction | $9,367.39 | $6,475.89 |
| Charity Contributions | $3,362.53 | $4,751.43 |
| Other Itemized Deductions | $5,695.80 | $4,121.96 |
| *Total Deductions* | *$31,045.76* | *$21,560.71* |
| **Change in After-Tax Income** | **$1,403.00** | **$2,693.00** |

As demonstrated in the table above, taxpayers from different states and counties can have significantly different estimates in changes to after-tax income. To help illustrate the differences, we’ve estimated the impact of the tax changes on average taxpayers in every congressional district.

Check out the map for yourself below.

<map or link to map>

## Methodology

To arrive at our figures, we used [county level data provided by the Internal Revenue S](https://www.irs.gov/statistics/soi-tax-stats-county-data-2015)ervice (IRS). The IRS dataset includes aggregate taxpayer statistics stratified by county and income level. For each stratum, we created six sample taxpayers based on their filing status and their election to itemize deductions. For example, both an itemizing and non-itemizing single, married, and head of household taxpayer were created for each county and income level. The sample taxpayers’ change in tax liability since the Tax Cuts and Jobs Act (TCJA) went into effect were then weighted by their respective shares in each stratum.

For each taxpayer we modeled wage income, taxable interest, ordinary and qualified dividends, long-term capital gains, business/professional income (schedule C), partnership/S corporation income (schedule E), the state and local income/sales tax deduction, the state and local property tax deduction, the mortgage interest deduction, and the charitable contributions deduction. Single and head of household taxpayers were assumed to take half the itemized deductions of joint taxpayers in their stratum. Increased corporate profitability was modeled by scaling up taxpayers’ dividends and capital gains in a manner in accordance with [the Taxes and Growth Model’s methodology](https://files.taxfoundation.org/20180419195810/TaxFoundaton_General-Equilibrium-Model-Overview1.pdf).

A statistical match was then performed using Tax Foundation calculations to align the county level results with their congressional districts based on each counties’ respective population in each congressional district.

While analysis based on aggregate statistics such as the IRS county level data is inherently less robust than analysis based on properly sampled datasets, we believe that our results do a decent job at demonstrating the geographic disparities from the TCJA. While our map includes tax cuts across every income level and congressional district, it’s important to remember that our figures only represent the *average* taxpayer, and that some particular taxpayers might see tax increases. Similarly, some filers might have specific tax decreases that are larger than those illustrated.

For a more exhaustive analysis of other effects of the legislation, please see out full report on the [Preliminary Details and Analysis of the Tax Cuts and Jobs Act](https://taxfoundation.org/final-tax-cuts-and-jobs-act-details-analysis/).

Finally, due to data availability issues, our congressional districts correspond to those of the 113th Congress, which differs from the current district maps in several states such as North Carolina and Pennsylvania.