

Economic Stimulus Package

Recovery Rebates and Economic Stimulus for the American People Act

Congress

completed action on, and the White House signed, bipartisan economic stimulus legislation (H.R. 5140) to help hardworking Americans who are struggling with the high costs of gas, health care and groceries, and to jumpstart our slowing economy and create jobs here at home.

This legislation will:

- Put hundreds of dollars into the hands of more than 130 million American families, including seniors and disabled veterans - who will spend it immediately to reinvigorate the economy;

- Build on the child tax credit by offering a one-time rebate of \$300 per child;

- Expand financing opportunities for Americans in danger of losing their homes because of the mortgage crisis;

- Promote small business investment in plants and equipment; and,

- Help create 500,000 jobs by the end of the year. Getting this bipartisan bill done quickly provides unprecedented tax relief for working Americans and will inject confidence and consumer demand into the economy, promote economic growth, and create jobs.

**Broad Tax Rebates for
Individuals (\$107 billion in 2008 & \$117 billion over 10 years)**

**• Tax Cut for More than 130
Million Families.** This broad-based stimulus package will provide tax relief of up to \$600 per individual and \$1,200 per married couple, plus an additional \$300 per child. Recovery rebate checks will be sent as early as May, getting money to Americans who will spend it immediately to reinvigorate the economy.

**• Unprecedented Tax Relief
for Working Families.** The measure provides \$32 billion in tax relief for 35 million families who work but make too little to pay income taxes -- families who otherwise would not have been included in this recovery effort. More than 19 million of these are families with children. Americans who earned at least \$3,000 in 2007 will get at least \$300 per single and \$600 per couple, plus a child tax credit of \$300 per child. Tax rebates that include low- and moderate-income families are 24 percent more effective as stimulus than rebates that leave out these families. [Economist Mark Zandi of Moody's Economy.com]

**• Recovery Rebates to 20
Million Additional Seniors and 250,000 Disabled Veterans.** The measure provides recovery rebates to anyone who receives at least \$3,000 in Social Security income, Railroad Retirement benefits, self-employment income or veterans' disability payments (including for survivors of disabled veterans). The original House bill provided rebates to 13 million seniors. In total, the measure provides tax rebates to nearly 28 million senior households. Residents of the U.S. territories also will receive the benefit.

**• Tax Fairness and Targeted
Rebates.** The rebates will go to middle-income Americans and hard-working Americans struggling in this economy - with \$66 billion in tax relief for families making up to \$75,000. The wealthiest taxpayers are not eligible for this relief. Tax relief begins to phase out above incomes of \$75,000 for singles and \$150,000 for married couples.

• American families are struggling in weakening economy. Family incomes and home prices are down as health care, energy, food, education costs, and mortgage foreclosures have climbed. No wonder American families are falling behind on their bills and consumer confidence is at a record low.

• Clarifies that undocumented workers cannot get recovery rebates. The measure includes safeguards to ensure that undocumented workers will not obtain rebates. It requires that all people must have valid Social Security numbers to receive recovery rebates. Undocumented persons cannot hold Social Security numbers and will not be able to access a rebate.

Jumpstarting the Economy

• Relief Helps Financially-Pressed Americans -- Putting Money into the Economy. Economists estimate that each dollar of broad-based tax cuts leads to \$1.26 in economic growth. Congress will develop a plan of further assistance, which could include extension of unemployment benefits, Food Stamps, state and local assistance, and Medicaid.

Helping Families Avoid Losing Their Homes

• Increasing Affordable

Refinancing Opportunities and Liquidity in Housing Market. For 2008, the bill increases the FHA loan limits up to \$729,750, to expand affordable mortgage loan opportunities for families at risk of foreclosure through the Federal Housing Administration. To enhance credit availability in the mortgage market, the measure includes an increase in the loan limits for single family homes from Fannie Mae and Freddie Mac, from \$417,000 up to \$729,750, covering loans made between July 31, 2007, and December 31, 2008.

Encouraging Business

Investment (\$44 billion in 2008, \$7.5 billion over 10 years)

• Small Business Expensing.

The bipartisan plan doubles the amount small businesses can immediately write off their taxes for capital investments made in 2008 from \$125,000 to \$250,000, for purchases of new equipment of up to \$800,000 (from \$500,000).

• Bonus Depreciation. It

provides immediate tax relief for all businesses to invest in new plants and equipment by speeding up depreciation provisions, so that firms can write off an additional 50 percent for investments purchased in 2008.

Here are some frequently asked questions you may find helpful:

What
is the stimulus check?

The stimulus check is the payment now of a new tax credit for the 2008 income tax year. The check is intended to stimulate the economy.

Am
I eligible for a stimulus check?

Generally, you are eligible if you file your 2007 income tax return reporting tax liability or have earned income, social security income, or disabled veterans' benefits of more than \$3,000. If you are claimed as a dependent on someone else's return, such as your parents, you are not eligible. The credit phases out for those taxpayers with an adjusted gross income of \$75,000 (\$150,000 for a joint return) or more, generally at a rate of \$50 dollars per \$1,000 of adjusted gross income above \$75,000 (\$150,000 for a joint return).

What
do I need to file to get a stimulus check?

Most taxpayers simply will need to file a 2007 income tax return. There is no additional form needed for the stimulus check. The Treasury Department will determine the amount of the check based on your 2007 income tax return and will automatically send it to you. There are special filing instructions for recipients of Social Security, Railroad Retirement, and certain veterans' benefits.

When
will I receive my check?

Starting in May, the Treasury

Department expects to begin issuing stimulus checks to more than 130 million individuals. It is anticipated that the checks will be issued over a period of months through the spring and early summer. When rebates were issued in 2001, the checks were issued over a period of 10 weeks. Since the check is based on information contained in your 2007 income tax return, the check will not be issued until you have filed your 2007 return and it has been processed. No checks will be issued after December 31, 2008.

What

will be the amount of my stimulus check?

The Department of Treasury

expects that the Internal Revenue Service ("IRS") will have an economic stimulus calculator on its website (www.irs.gov) for taxpayers to use to calculate the amount of their stimulus check. Taxpayers generally will receive a rebate check of \$600 (\$1,200 in the case of a joint return). Most taxpayers with one dollar (\$1) of income tax or \$3,000 of qualifying income will be guaranteed a minimum rebate check of \$300 (\$600 for a joint return). "Qualifying income" generally is the sum of an individual's earned income, Railroad Retirement benefits, Social Security benefits, and veterans' payments. In addition, a taxpayer is eligible for an additional \$300 for each qualifying child.

Who

is a qualifying child?

A qualifying child for

purposes of the stimulus check generally is a child who was under age 17 at the end of 2007, did not provide over one-half of his or her own support, lived with you for more than one-half of 2007, and has a Social Security Number.

Is

the stimulus check taxable?

No. This amount will not be

included in your 2008 gross income. The stimulus check is an advance payment of an additional, new tax credit related to your 2008 income tax return.

Will

this check be direct deposited if my 2007 tax refund is direct deposited?

The Treasury Department will

decide this. Some checks may be provided through direct deposit.

If

my spouse and I filed a joint tax return for 2007, whose name will be on the check?

The check will be issued in

the names on the 2007 income tax return. Even if you are now divorced, both parties must sign the check. The law provides that each spouse is considered to receive one-half of the check.

How

can I get more information?

The IRS will mail two informational notices to

taxpayers advising them of the stimulus check. The IRS website (www.irs.gov) also has information on the economic stimulus check. In addition, you can call the IRS at 1-800-829-1040.