

Summary of the Economic Stimulus Bill passed by the Senate (81 – 16) and House of Representatives (380 – 34), February 7, 2008

1. Individual Tax Rebates (\$74 billion in tax relief; *approximately* \$43 billion in outlays; \$300 million appropriated for administrative costs)
 - a. Qualifications: To qualify for a rebate, a person must:
 - i. file a tax return for 2007 or 2008;
 - ii. have at least \$3,000 of “earned income” or at least \$1 of income tax liability in 2007 or 2008 (earned income is redefined to include Social Security benefits and Veterans’ benefits and compensation);
 - iii. include a valid Social Security number on his tax return – those taxpayers with individual taxpayer identification numbers (ITINs) are not eligible for rebates (this is intended to prevent illegal aliens from participating).
 - b. Individual Rebate: All qualifying taxpayers would receive a minimum of \$300 (\$600 in the case of a joint return), up to a maximum of \$600 (\$1,200 for joint returns) based on their income tax liability.
 - c. Child Rebate: All individuals eligible for rebates also would receive \$300 for each child living in their household that would qualify for the existing child tax credit (Note: children of illegal aliens would not be eligible, even if U.S. citizens).
 - d. Phase-Out: The amount of a taxpayer’s aggregate rebate (the individual rebate plus the child credit) would be reduced by 5 cents for every dollar of AGI above \$75,000 (\$150,000 for joint returns). For example, the aggregate rebate of a joint return with \$160,000 of AGI would be reduced by \$500.
 - e. U.S. Possessions (Puerto Rico, Guam, etc): The U.S. Treasury would reimburse territories for the cost of providing rebates to their residents on the same terms and conditions.
 - f. Hold Harmless: Taxpayers who receive a rebate greater than merited based on 2008 tax info owe no money to the IRS; conversely those taxpayers who receive a rebate worth less than merited based on 2008 tax info are eligible for the difference when they file their taxes in the spring of 2009.
2. Incentives for Business Investment (\$51 billion of near-term tax relief)
 - a. Small Business Expensing (sec. 179) – A business that places less than \$800,000 of equipment into service this year would be able to immediately deduct up to \$250,000 of its investment in 2008 (up from \$128,000).
 - b. Bonus Depreciation – All businesses would be able to immediately deduct 50 percent of their investment in most equipment in 2008. The remaining 50 percent of the acquired equipment’s cost would be depreciated based on existing depreciation rules, including the allowable first-year deduction for 2008. An extension (through 2009) is provided for certain property with a recovery period of ten years or longer.
3. Housing GSE and FHA Loan Limits
 - a. Federal Housing Administration: The FHA single-family program’s loan limit – the dollar amount of a mortgage that the FHA can insure – would be increased from a max of \$362,790 today to a max of \$729,750 in certain parts of the country.
 - b. Shareholder-owned Housing Government-sponsored Enterprises: Fannie Mae and Freddie Mac’s conforming loan limit – the dollar amount of a mortgage that the GSEs can purchase from originators – would be increased from a max of \$417,000 today to a max of \$729,750 in certain parts of the country.
 - c. Sunset: Both loan limit increases would sunset on December 31, 2008.