

On February 17, President Obama signed the 1,071-page American Recovery and Reinvestment Act (H.R. 1) into law. Here are some of the routes the money will take.

**\$287 billion in tax breaks include...**

**\$116 billion in refundable tax credits for individuals & families.** Is your adjusted gross income (AGI) \$75,000 or less? You will get a refundable tax credit of up to \$400. Families who earn less than \$150,000 in AGI can get a refundable tax credit of up to \$800. You won't get a check in the mail. Instead, withholding tax on your paycheck will be lessened by about \$8 per week across the remainder of 2009 and also in 2010.<sup>1</sup>

**\$70 billion to patch the Alternative Minimum Tax.** The AMT exemption has been raised to \$46,700 for individuals and \$70,950 for couples.<sup>1</sup>

**\$14 billion to expand the child tax credit.** This will help low-income families.<sup>2</sup>

**\$13.9 billion toward Pell grants & education tax credits.** Pell grants will increase to \$5,350 per student for the 2009-2010 year. Also, if you earn less than \$80,000, or if your family earns less than \$160,000, tax credits of up to \$2,500 will be available for college tuition. Up to 40% of that credit is refundable (as much as \$1,000).<sup>3</sup>

**\$6.63 billion to aid homebuyers.** Specifically, "first-time" homebuyers. The bill defines a "first-time" homebuyer as someone who hasn't owned a home for the past three years. If you fall into that category and you buy a home in 2009, you are eligible for an \$8,000 tax credit – and you don't have to pay it back. Some "first-time" buyers will not be eligible – the credit phases out at \$75,000 AGI (individual taxpayers) and \$150,000 AGI (joint filers).<sup>3</sup>

**\$1.7 billion to help new car buyers.** If you buy a new car in 2009, you can deduct the sales tax on it if your AGI is below \$125,000 (individuals) or \$250,000 (joint filers). No Bentleys: the car can't cost more than \$49,500.<sup>1,3</sup>

**\$23 billion to states.** \$18 billion of it goes to financing for public schools, and for investments in economically downtrodden neighborhoods.<sup>2</sup>

**\$21 billion for energy projects.** \$4 billion of that goes to incentives to encourage more energy-efficient homes and more hybrid car purchases.<sup>2</sup>

**\$10 billion in business tax breaks.** That includes \$5 billion via accelerating depreciation of certain capital assets by 50%, and \$3 billion for General Motors.<sup>1,2</sup>

**\$192 billion in direct aid includes...**

**\$94 billion to states.** \$87 billion of that goes to Medicaid.<sup>2</sup>

**\$78 billion to the jobless.** That includes a one-time \$250 check to Social Security, veterans' benefits and Supplemental Security Income recipients (\$14 billion). \$9 billion will be spent to boost unemployment checks by \$25 a week and allow extended benefits for the long-term unemployed through 2009. \$25 billion subsidizes continued group health coverage for people who lost their jobs between 9/1/08 and 12/31/09; their income must not exceed \$125,000 (individuals) and \$250,000 (families).<sup>1</sup>

**\$20 billion for healthcare.** \$17 billion of this represents incentives for Medicaid and Medicare to adopt new, digital health information technologies.<sup>2</sup>

**\$308 billion in discretionary spending includes...**

**\$106 billion for job training & education.** \$54 billion of this is designed to help states ward off cutbacks and layoffs, mostly in school systems.<sup>2</sup>

**\$48 billion for transportation projects.** \$28 billion goes to road and bridge building; \$8 billion goes to inner-city and high-speed rail projects.<sup>2,3</sup>

**\$44 billion to energy projects.** \$11 billion will update the U.S. electric power grid.<sup>2</sup>

**\$41 for infrastructure, environment & water projects.** The biggest expense here is \$7 billion to expand rural America's broadband capability.<sup>2</sup>

**\$29 billion in health & science funding/research.** \$10 billion of this heads to the National Institutes of Health, a world-respected medical research center.<sup>2</sup>

**\$13 billion for housing programs.**<sup>2</sup>

**\$27 billion for other projects.** \$20 billion will extend food stamp benefits.<sup>2</sup>

**No scandalous spending.** Specific language in H.R. 1 prohibits any use of the stimulus money "for any casino, or other gambling establishment, aquarium, zoo, golf course, or swimming pool."<sup>4</sup>

Let's hope all the money stimulates the economy.

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**Citations.**

<sup>1</sup> [nytimes.com/2009/02/14/us/politics/14stimintro.ready.html?em](http://nytimes.com/2009/02/14/us/politics/14stimintro.ready.html?em) [2/14/09]

<sup>2</sup> [nytimes.com/imagepages/2009/02/14/us/politics/14stimulus\\_graphic.ready.html](http://nytimes.com/imagepages/2009/02/14/us/politics/14stimulus_graphic.ready.html) [2/14/09]

<sup>3</sup> [cnn.com/2009/POLITICS/02/13/stimulus.winners.losers/](http://cnn.com/2009/POLITICS/02/13/stimulus.winners.losers/) [2/13/09]

<sup>4</sup> [features.csmonitor.com/economyrebuild/2009/02/14/my-five-favorite-things-in-the-stimulus-bill/](http://features.csmonitor.com/economyrebuild/2009/02/14/my-five-favorite-things-in-the-stimulus-bill/) [2/14/09]