

Subject: Bipartisan Economic Stimulus Package

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From:

Bipartisan Economic Stimulus Package

Broad-Based Relief for Individuals (\$100 billion)

- **Tax Cut for 117 million Families.** This broad-based stimulus package will provide tax relief of up to \$600 per individual \$1,200 per a married couple, plus \$300 per child. Rebate checks could be sent as early as May.
- **Unprecedented Stimulus Gives Virtually All People Who Work Tax Relief.** As part of the individual tax relief, the measure provides \$28 billion in tax relief for 35 million families who work but make too little to pay income taxes -- families that the President's original proposal did not include. More than 19 million of these are families with children. Everyone who earned at least \$3,000 in 2007 will get at least \$300 per single and \$600 per couple, plus the full child tax credit amount of \$300. Economist Mark Zandi estimates that a tax rebate that include includes low- and moderate-income working families is 24 percent more effective as stimulus than a rebate that leaves these families out.
- **Tax Fairness.** Nearly \$40 billion of the rebate will go to families making less than \$50,000. The wealthiest taxpayers are not eligible for this relief. Tax relief begins to phase out above incomes of \$75,000 for a single and \$150,000 for a married couple.

Jumpstarting the Economy

- **Broad-Based Relief Helps Financially-Pressed Americans, While Putting Money into the Economy.** Economists estimate that each dollar of broad tax cuts leads to \$1.26 in economic growth. This package is designed to ward off recession. If the economy worsens, Congress will develop a plan of further assistance, which could include Unemployment Insurance, Food Stamps, state and local assistance and Medicaid.

Helping Families Avoid Foreclosure

- **FHA Reform/Loans for Refinancing & Housing Counseling.** The measure expands affordable mortgage loan opportunities for families at risk of foreclosure through reform of the Federal Housing Administration. Among other things, it includes provisions to lower down payments for FHA loans, increase FHA loan limits to \$729,750, permit more borrowers facing defaults to refinance through the FHA, and increase funding for housing counseling to \$500 million to help homebuyers who fall behind on their mortgage.
- **One-Year Increase in GSE Housing Loans.** To enhance credit availability in the mortgage market, particularly in high-cost areas, a one-year increase in the loan limits for single family homes from Fannie Mae and Freddie Mac from \$417,000 to \$729,750.

Encouraging Business Investment (Roughly \$5 billion over 10 years)

- **Small Business Expensing.** The bipartisan plan doubles the amount small businesses can write off their taxes for new investments made in 2008 from \$125,000 to \$250,000, and increase the number of small business that are eligible for this tax relief for small business making up to \$800,000 (from \$500,000).
- **Bonus Depreciation.** It provides immediate tax relief for all businesses to invest in new plant and equipment by speeding up bonus depreciation provisions, so that firms can write off 50 percent for investments in 2008.