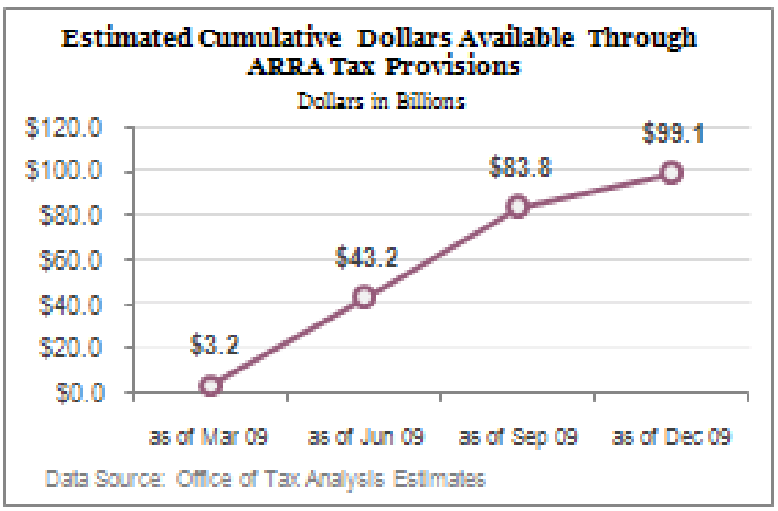
April 14, 2010

The tax benefits of the American Recovery and Reinvestment Act of 2009

Introduction – the tax benefits of ARRA
The American Recovery and Reinvestment Act of 2009 (ARRA) was signed by President Barack Obama on Feb. 17, 2009. Commonly referred to as the Economic Stimulus Package, ARRA was designed to spur economic activity, encourage investment in long-term economic growth, and create new jobs and save existing ones. ARRA also implemented expansive levels of accountability and transparency in government spending.

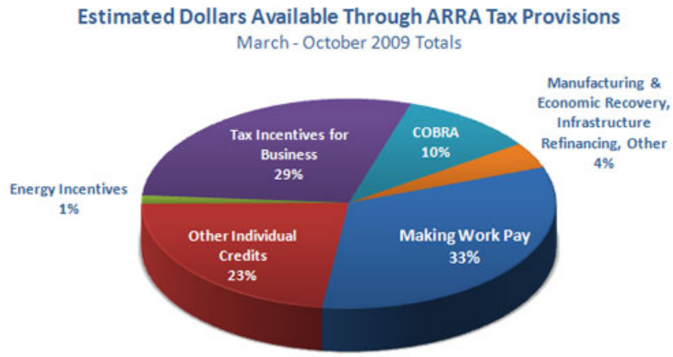
One of the main areas ARRA will help American families is through tax benefits and incentives for individuals and businesses. ARRA provides $787 billion in funding, including $288 billion in tax cuts and benefits for millions of working families and businesses nationwide. To date, only $99.1 billion of the funding has been paid, leaving the majority of ARRA dollars to provide tax benefits on the 2009 tax return and in the 2010 tax year.



Source: www.recovery.gov

ARRA money designated for tax purposes is divided among incentives and credits that target individuals and businesses of all kinds and across all income brackets.

The chart below shows the portion of ARRA tax dollars devoted to each target area as of October 2009.



Source: www.recovery.gov

About two-thirds of ARRA tax dollars benefited individuals in the form of credits, incentives and health care aid. The remaining one-third creates business and development incentives across an array of sectors including manufacturing, energy and infrastructure.

The most difficult-to-measure piece of ARRA's success is what the money prevented from happening and what the funds preserved for American families and businesses. For example, during recession and economic hardships, an increase in the number of children facing poverty is often anticipated. However, as a result of the expansion of the Earned Income Tax Credit and Additional Child Tax Credit and the creation of the Making Work Pay Tax Credit, an estimated 1 million children were prevented from falling into poverty and another 2.3 million Americans of all ages remained out of poverty. The ARRA package has undoubtedly reduced the severity of the recession for millions of children and families. In total, the ARRA package is projected to lift more than 6 million people out of poverty.

Tax benefits for individuals and families

Two-thirds of ARRA's $288 billion in tax-related dollars has been allocated toward aiding families and individuals across all income brackets. That includes 33 percent of the aid creating the "Making Work Pay" tax credit and 10 percent increasing COBRA (health insurance) assistance for people who have lost their jobs.

In addition to the COBRA funding and the Making Work Pay tax credit, ARRA supports individuals in a variety of ways including benefits in the form of child tax credits, education assistance, unemployment aid, and energy efficiency and home-purchase incentives.

Making work pay

Using 33 percent of the ARRA tax funding, a major component of the measure's tax relief resulted from creating the Making Work Pay tax credit. Developed to benefit workers nationwide, Making Work Pay is a refundable tax credit of up to $400 for working individuals with incomes less than $75,000 and up to $800 for working families with incomes of less than $150,000 (filers with higher incomes may be eligible for a partial credit). The amount of the credit will be computed on the employee's 2009 and 2010 income tax returns. For most people who receive paychecks that are subject to withholding, the credit will be handled by their employers and may result in an increase in take-home pay. For people who do not have taxes withheld by an employer, such as independent contractors, the credit can be claimed on the 2009 and 2010 tax returns.

Additionally, in 2009 and 2010, the credit is refundable. That means low-income workers will get a credit equal to 6.2 percent of their earned incomes, even if that amount is greater than their tax liabilities.

In total, the Making Work Pay credit is estimated to benefit 110.7 million taxpayers nationwide. The credit has also kept an estimated 1.6 million people from falling into poverty, including 500,000 children.

Education assistance
ARRA includes tax benefits for families and students who are enrolled or seeking to be enrolled in colleges and universities. ARRA's creation of the American Opportunity Credit and the expansion of the 529 savings plans will help increase the funding, and thus opportunity, for hundreds of students and families paying for higher education.

The American Opportunity Credit modified the existing Hope credit, which provided a tax subsidy for college tuition. Formerly, millions of prospective college students, the equivalent of one-fifth of all high-school age children nationally, could not take advantage of the Hope credit because their family incomes were too low. Now, under the American Opportunity credit, the Hope credit has been expanded to include low-income families in addition to middle-income families. By making the credit refundable, the American Opportunity credit will allow low-income families with no income tax liability to receive a partial credit in the form of a refund to offset college expenses. Also, more middle-income families will qualify for the credit as a result of a decrease in the income limitations.

The creation of the American Opportunity credit has allowed an additional 3.8 million prospective college students to become eligible for assistance in paying for college. The credit has extended the opportunity to participate in continuing education to many students who otherwise may have been unable to afford the expense. The examples in this paper are for illustration purposes only.

Example: The Park family

The Parks are a family of four with one child, Ethan, in college. The family's annual income is $40,000. Ethan Park goes to a state university. His tuition and fees cost $6,700. Ethan received $4,000 in scholarship and grant money, but he still owes $2,700.

The Parks owe taxes of $1,513. Before ARRA, the Parks would receive $2,500 for the Hope Credit because of Ethan's enrollment in higher education. That would offset the $1,513 in taxes owed, and the Parks would have no tax liability, but they would also lose $987 because the Hope credit was not refundable.

Now, after the changes made by ARRA, the Parks will receive the American Opportunity Credit for $2,500 (in place of the Hope credit). Because ARRA has made the American Opportunity Credit refundable, the Parks will now also receive a refund of $987.

The ARRA package also enhanced the benefits of the 529 education savings plans by adding computer technology to the list of qualifying college expenses that can be funded by the plan. 529 savings plans are tax-advantaged investment vehicles that help families pay the expenses of higher education. For 2009 and 2010, ARRA expands the definition of “qualified higher education expenses” to include expenses for computer technology and equipment or Internet access and related services for students while they are enrolled at an eligible educational institution. With many institutions requiring technology investment, the provision allowed families nationwide to provide computers and Internet for students who might otherwise have gone without them.

Enhanced individual credits for 2009 and 2010

Two of the most significant products of the ARRA package are the enhancement of the Earned Income Tax Credit (EITC) and the Additional Child Tax Credit (ACTC).

Earned Income Tax Credit

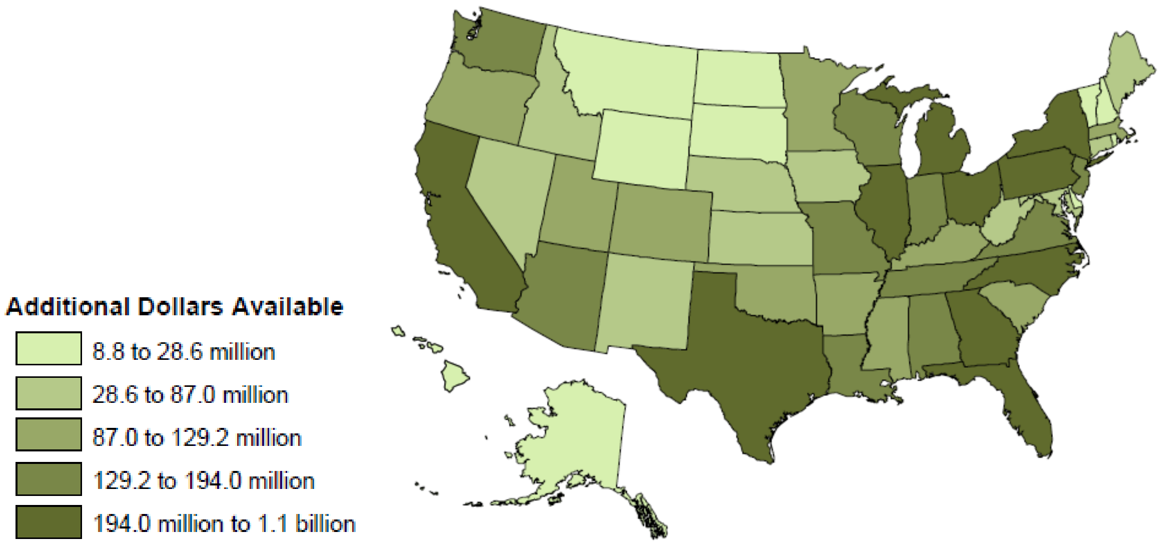
The EITC is a tax credit for low- to moderate-income working individuals and families. Nationally, 17 percent of taxpayers benefit from $43.7 billion in EITC money each year. ARRA has increased the amount of the EITC in 2009 and 2010 to $5,657 for qualifying families with three or more children. ARRA also increased the income ceiling for EITC qualification for all married couples filing a joint return by $1,880, regardless of the number of children.

This chart shows the parameters of the expanded EITC under ARRA for 2009:

Source: *Economic Recovery and the Earned Income Tax Credit* presentation, Elizabeth Kneebone, The Brookings Institution, Oct. 21, 2009.

Under the ARRA expansion, an EITC-eligible filer will receive an average of $140 more than prior years. Married families with three or more children will receive an average increase of $1,075. In total, the ARRA package will benefit roughly 7.3 million EITC-eligible families and will extend EITC eligibility to an additional 887,000 taxpayers nationwide.

The map below shows the state-by-state increases in refundable tax credits going to EITC filers due to the ARRA expansions.



Source: *Economic Recovery and the Earned Income Tax Credit* presentation, Elizabeth Kneebone, The Brookings Institution, Oct. 21, 2009.

Example: Judy

Judy, a single, full-time-working mother, has three young children and makes minimum wage of $7.24 per hour. In 2008, Judy was eligible for an EITC of $4,824. In 2009, Judy still made roughly $15,000. However, as a result of the changes made under ARRA, Judy's EITC is now $5,657. Judy's EITC increased by $833 – an 18 percent increase – because of the changes made under ARRA that allow a higher credit for those with three or more children.

Example: Thomas and Maria

Thomas and Maria are married, employed and have no children. They each make minimum wage and work part time. Their combined income is $16,000 and they file taxes jointly. Thomas and Maria were ineligible for an EITC refund in 2008 because their income was too high. However, in 2009, under the ARRA expansion, Thomas and Maria will receive an EITC of $185. Since ARRA removed the "marriage penalty" for married-filing-jointly taxpayers, Thomas and Maria will now be eligible for the EITC.

Additional Child Tax Credit

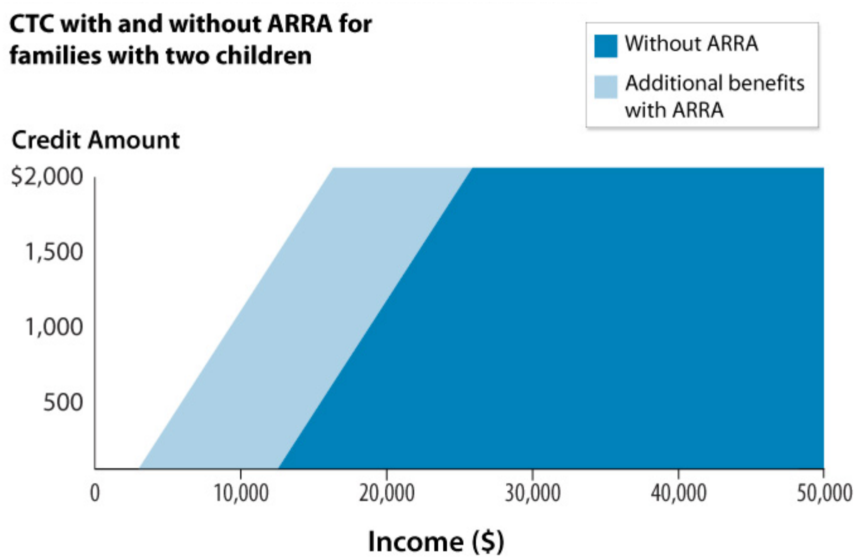
ARRA also increases the number of families eligible the Additional Child Tax Credit (ACTC). The child tax credit is for families with qualifying children that can be taken in addition to the child and dependent care tax credit, and the standard deductions taken for dependents. Families may receive up to $1,000 per qualifying child.

For many, the child tax credit is not refundable. If the credit exceeds tax liability, the remaining credit will be lost. However, some families will not receive the full child tax credit due to income restraints. A family may be able to claim the additional child tax credit if its earned income is less than the limits for the year. The limits for 2009 are:

- Married filing jointly – $110,000
- Single, head of household, or qualifying widow – $75,000
- Married filing separately – $55,000

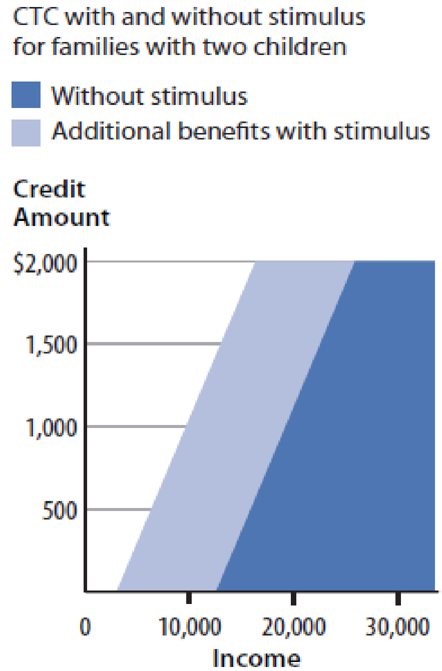
The ACTC for 2009 is equal to the lesser of the disallowed child tax credit, or 15 percent of earned income that is more than $3,000. If earned income is not more than $3,000 and a family has three or more qualifying children, it may be able to claim the ACTC up to the amount of Social Security taxes paid for the year.

In 2009 and 2010, ARRA reduced the minimum income to qualify for the ACTC. Before ARRA, the minimum income amount was set to rise to $12,550 in 2009. ARRA reduced this amount to $3,000. This change alone benefitted 7.1 million taxpayers and permitted an additional 1.8 million families who had formerly not qualified for the credit to use the ACTC in 2009 and 2010.



Source: Fact Sheet: *Tax Deductions, Exemptions, and Credits*, Center on Budget and Policy Priorities

The ARRA expansion of the ACTC increases the average credit families will receive by $260. It also benefits 1.8 million families who were previously ineligible, but will become eligible because of the income reduction with an average credit of $418. And while ARRA provides benefits for people across all income brackets, roughly 90 percent of the benefits from this provision will go to helping Americans with the bottom-fifth of incomes.



Source: Center on Budget and Policy Priorities

Another way to explore the impact of the ARRA expansion of the ACTC is by looking at the additional number of children that will benefit from the credit in 2009 and 2010. Under ARRA, 2.9 million additional children will benefit from the credit. Another 10 million children will benefit from a larger credit than they would have received under the 2008 rules.

> ***Example: Jose***
>
> *Jose is a widowed, working father of two young children and has an earned income of $10,000. After the standard deductions, he has no taxable income and no tax liability. His non-refundable child tax credit was $2,000 for his two children ($1,000 per child).*
>
> *Before the ARRA changes, because the non-refundable credit is limited to the amount of taxes Jose owes, he would not receive the credit because he does not make enough money to owe any taxes. Under the ARRA revisions, however, the non-refundable credit equals the lesser of either the unclaimed portion of the non-refundable credit amount, which in the above example is $2,000, or 15 percent of his earned income that exceeds $3,000, which would be $1,050 ($7,000 x 15 percent). So, because of the changes implemented by ARRA, Jose is entitled to a refund of $1,050.*

Both the EITC and the ACTC are refundable tax credits, which mean taxpayers may receive refunds even when they do not have any tax liability. Therefore, the changes made by ARRA may also increase the amount of income in the pockets of families and individuals in 2009 and 2010. Additionally, the credits tend to benefit an overlapping population of taxpayers. Of the 7.1 million families eligible for the ACTC, 5.9 million will also be eligible for the EITC.

Other benefits for individuals and families

Unemployment benefits

In response to the growing job loss and demand for unemployment insurance, the ARRA tax package permitted people to collect up to $2,400 of unemployment benefits free of tax in 2009. Normally, unemployment benefits are entirely taxable and subject to standard withholdings.

The average unemployment check in the United States is $335 per week (including the additional $25 provided by the ARRA package). This tax provision provides the average person nearly two months unemployment insurance of free from taxation. With 475,000 new unemployment claims filed weekly, this is a considerable tax benefit for people who are claiming unemployment.

Health care assistance

While there are multiple areas in the ARRA package that contain funding for health care programs, a portion of the health care-related aid comes from tax incentives that provide relief from the high cost of health insurance.

- <u>COBRA assistance</u>: The Consolidated Omnibus Budget Reconciliation Act (COBRA) gives workers and their families who lose employment, and thus their health benefits, the right to continue group health benefits provided by their employers' health plans for limited periods under circumstances such as voluntary or involuntary job loss, reduction in the hours worked, transition between jobs, death, divorce and other life events. Qualified people may be required to pay the entire premium for coverage up to 102 percent of the cost to the plan.

  Since the beginning of the recession, unemployment has jumped to its highest rate in more than 25 years and has resulted in twice as many people seeking COBRA benefits. Under ARRA, someone who loses her job may receive reduced-cost COBRA health benefits for up to 15 months. Eligible people will pay only 35 percent of COBRA premiums and the remaining 65 percent will be reimbursed to the health coverage provider through a tax credit. To qualify, people must involuntarily lose employment during from Sept. 1, 2008 to March 31, 2010. Without ARRA assistance, the average monthly cost of COBRA was $1,057. With the aid, the average cost is $370.

  According to Hewitt Associates, a global human resources company, since the enactment of the COBRA subsidy, COBRA enrollments rose from 7 percent (September 2008 to February 2009) to 59 percent (March 2009 to June 2009). Industrial manufacturing companies saw an 800 percent increase in COBRA enrollments, and enrollments tripled for companies in the construction, leisure, and retail industries.

- <u>Health tax credit</u>: The Health Coverage Tax Credit (HCTC) pays 80 percent of health insurance premiums for qualified people. To qualify for the HCTC, individuals must be receiving benefits from one of two programs – the Trade Adjustment Assistance (TAA) program or the Pension Benefit Guaranty Corporation (PBGC) program. The TAA is a program supporting individuals who have lost their jobs because of trade with foreign countries. The PBGC is a federal agency that protects pension benefits in private-sector traditional pension plans known as defined benefit plans. If a plan ends (this is called "plan termination") without sufficient money to pay all benefits, the PBGC becomes the trustee of the plan and pays benefits up to the limits set by law. PBGC participants must be older than 55 to receive the HCTC.

"Consumer" credits
ARRA also offers a number of incentives to consumers. Two examples of this are the First-Time Homebuyer Credit and the credit for money back on the purchase of new vehicles.

The First-Time Homebuyer Credit provides homebuyers who purchase a first home in 2009 with a refundable tax credit of up to $8000. This credit was expanded by the Worker, Homeownership and Business Assistance Act of 2009 to include homes purchased by April 10, 2010. If the home is purchased in 2010, the taxpayer may take the credit in either 2009 or 2010.

The new legislation also expands the credit to include long-time homeowners buying a new principal residence and raises the income limitations for homeowners claiming the credit to $125,000 (or $225,000 for joint filers). Those with higher incomes may be permitted to take a partial credit.

According to estimates by the National Association of Home Builders, the ARRA tax credit will stimulate 160,000 home sales across the nation with 101,000 sales to first-time home buyers. Another 59,000 existing homeowners will be able to buy another home because a first-time buyer purchased their home.

Similarly, taxpayers who purchase select new vehicles in 2009 may deduct the state and local sales taxes paid. In states without a sales tax, taxpayers are permitted to deduct fees they paid.

Tax benefits for businesses
One-third of the ARRA tax money has gone toward tax incentives and credits for businesses, especially small businesses, and toward manufacturing, energy and infrastructure development.

Work Opportunity Tax Credit
The Work Opportunity Tax Credit (WOTC) offers tax benefits for businesses that hire individuals from one of 12 "target groups," including people age 18 to 39 living in designated communities in 43 states and the District of Columbia, Hurricane Katrina employees, recipients of various types of public assistance, and certain veterans, summer youth workers and ex-felons. The consolidated WOTC for hiring most target group members can now be as much as:

- $2,400 for each new adult hire
- $1,200 for each new summer youth hire
- $4,800 for each new disabled veteran hire
- $9,000 for each new long-term family assistance recipient hired during a two-year period

The ARRA tax package adds two additional target groups – returning veterans and "disconnected" youth – to the list of new hires covered under the tax credit. Returning veterans are those who are hired after 2008 and before 2011 who have been discharged or released from military active duty during the five-year period ending on the hiring date; and who received unemployment compensation under state or federal law for a period or periods totaling at least four weeks during the one-year period ending on the hiring date. A disconnected youth is someone age 16 to 24 on the hiring date, does not regularly attend any secondary, technical, or post-secondary school during the six-month period preceding the hiring date and was not regularly employed during the six-month period by reason of lacking basic skills.

People in the new target groups must begin work during 2009 or 2010.

Enhanced net operating loss carryback
Many businesses use losses incurred to reduce income from prior tax years, thus reducing tax owed. Under current law, these losses – known as net operating losses – can be "carried back" for up to two years before the year in which the loss was incurred. Under the ARRA package, small businesses are permitted to carryback their net operating losses for an additional three years – or for five years total.

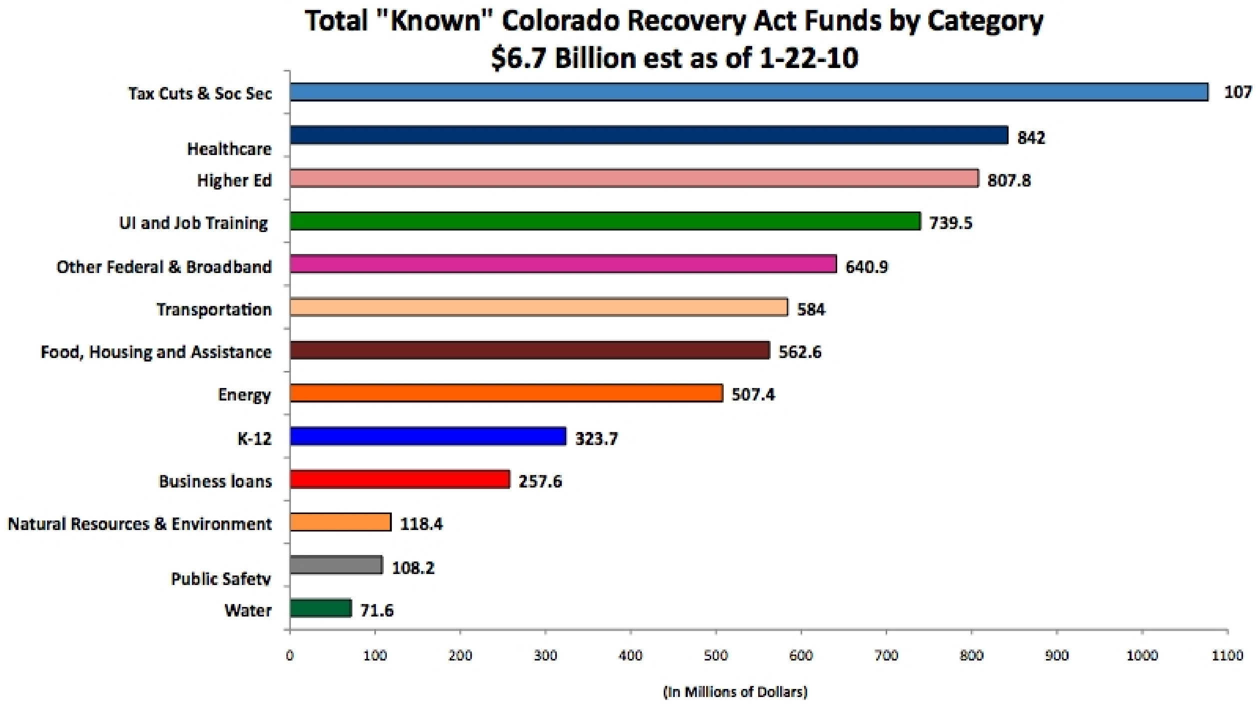
Energy efficiency and renewable energy tax incentives
The ARRA package provides numerous energy-related tax incentives for businesses.

- New Clean Renewable Energy Bonds**:** ARRA increases the money available to issue new clean renewable energy bonds. The bonds can be issued to finance certain facilities that generate electricity from renewable sources, such as wind and solar.
- Qualified Energy Conservation Bonds: ARRA increases the funds available to issue qualified energy conservation bonds. The bonds can be issued to finance government programs targeted at reducing greenhouse gas emissions and for other conservation purposes.
- Extension of Renewable Energy Production Tax Credit: ARRA generally extends the timing for businesses to claim the Renewable Energy Production Tax Credit for facilities producing electricity in the form of wind, biomass, geothermal energy, municipal solid waste, hydropower and marine and hydrokinetic renewable energy.
- Election of Investment Credit in Lieu of Production Credit: ARRA permits businesses that produce electricity from wind and other renewable resources to use either the energy investment tax credit or the production tax credit, whichever is more beneficial.
- Repeal of Certain Limits on Business Credits for Renewable Energy Property: ARRA repeals the limitation on the amount of the tax credit for small wind-energy property and the limitation on property financed by subsidized energy financing.

New Municipal Bond Programs
ARRA has created new ways to finance school construction, energy and other public projects by modifying the Municipal Bond program.

- Build America Bonds and Recovery Zone Economic Development Bonds: ARRA creates the Build America Bond program, which permits state and local governments to issue Build America Bonds to finance certain capital expenditures. State and local governments receive a direct federal subsidy for a portion of their borrowing costs on Build America Bonds. The program is intended to assist state and local governments in financing capital projects at lower borrowing costs and to stimulate the economy and create jobs.
- Education-Related Bond Provisions: ARRA creates two education-related bond allocations – the Qualified Zone Academy Bond Allocations, which may be issued to finance certain expenses relating to a qualified zone established by a local education agency and Qualified School Construction Bond Allocations that may be issued to finance certain construction and land-acquisition expenses relating to public school facilities.
- Energy-Related Bond Provisions: ARRA creates two energy bond allocations – the Qualified Energy Conservation Bond Allocations and the New Clean Renewable Energy Bonds Allocations.

ARRA tax benefits in Colorado
The effect of ARRA is not isolated at the federal level. Colorado is expected to receive an estimated $5.7 billion during the next two years from the ARRA package. The funds will come through more than 140 channels, including benefits to individuals (tax cuts, emergency food and higher unemployment benefits), loans to small businesses, health care and public safety services and investments in emerging industries (green energy, high-speed internet and health care information technology). Colorado has already received $1.07 billion in tax and Social Security benefits.



Source: http://www.colorado.gov/recovery/charts/summary_chart2.jpg, March 10, 2010

So far, more than 3.8 million people have been directly affected by the ARRA funding in Colorado. They includes 1.8 million Colorado families who have received the Making Work Pay tax credit, 500,000 people who received a one-time Social Security payment of $250 and nearly 200,000 people who received increased unemployment benefits. In a state with a population of just more than 5 million, the number of people affected by ARRA equates to more than three-quarters of the population, although there is likely to be some overlap and situations where individuals are benefitted by multiple ARRA programs.

Coloradans affected by ARRA funds	Number of People
Making Work Pay Income Tax Credit (families)	1,800,000
One-time Social Security Payments	500,000
Increase in Pell Grant award to pay for college tuition	52,000
Extra 13.6 percent in Food Stamp Benefits	371,389
Extra Emergency Food Assistance	306,906
First Time Homebuyer Tax Credit (households)	6,200
Increased Unemployment Benefits	196,776
People receiving job training	1,929
People receiving job search assistance	357,767
Homes that received weatherization improvements	1,500
Low-income seniors receiving extra meals	7,000
Homes benefitting from upgrades to drinking water systems	71,904
Homes benefitting from upgrades to wastewater systems	157,666
New police officers hired	23
Youth who received summer jobs or other job experience	3,370
Jobs at arts organizations that were retained	313
Total Colorado families affected	**3,834,743**

As seen in the above chart, Colorado families have immensely benefitted from many of the federal tax benefits provided by the ARRA package. Some programs with the most significant effect in Colorado are the federal education tax credits, the Making Work Pay tax credit and the EITC and ACTC. Coloradans have also benefitted from ARRA-funded tax assistance programs, including two important housing programs – the Tax Credit Assistance Program and the Tax Credit Exchange Program.

Tax Credit Assistance Program

The Colorado Housing and Finance Authority (CHFA) applied for $27.3 million to create the Tax Credit Assistance Programs. These programs were created to help with local housing needs. The Tax Credit Assistance Program provides grant funding for capital investment in "Low-Income Housing Tax Credit" projects. More generally, the money will help stalled development projects and stimulate economic activity and job creation by creating tax incentives for low-income housing developments.

Tax Credit Exchange Program

CHFA also applied for funds through the Tax Credit Exchange Program. This program allows CHFA to exchange eligible portions of the state's housing credit ceiling for cash grants. Grants can then be awarded to qualified projects, including the construction, acquisition and/or rehabilitation of low-income buildings.

Making Work Pay Tax Credit

As seen in the chart above, an estimated 1.8 million Coloradans will benefit from roughly $900 million in Making Work Pay tax credit money. As of February 2010, an estimated $715 million has reached Colorado workers and their families. Many of these families – those with low- to middle-incomes – will also receive the additional ARRA-funded benefit of the EITC and ACTC.

American Opportunity Credit in Colorado
With college enrollment increasing by 2.2 percent in Colorado each year, more and more Colorado families are struggling to pay for higher education. The American Opportunity Credit allows an additional 36,000 students to gain access to tax assistance for college expenses.

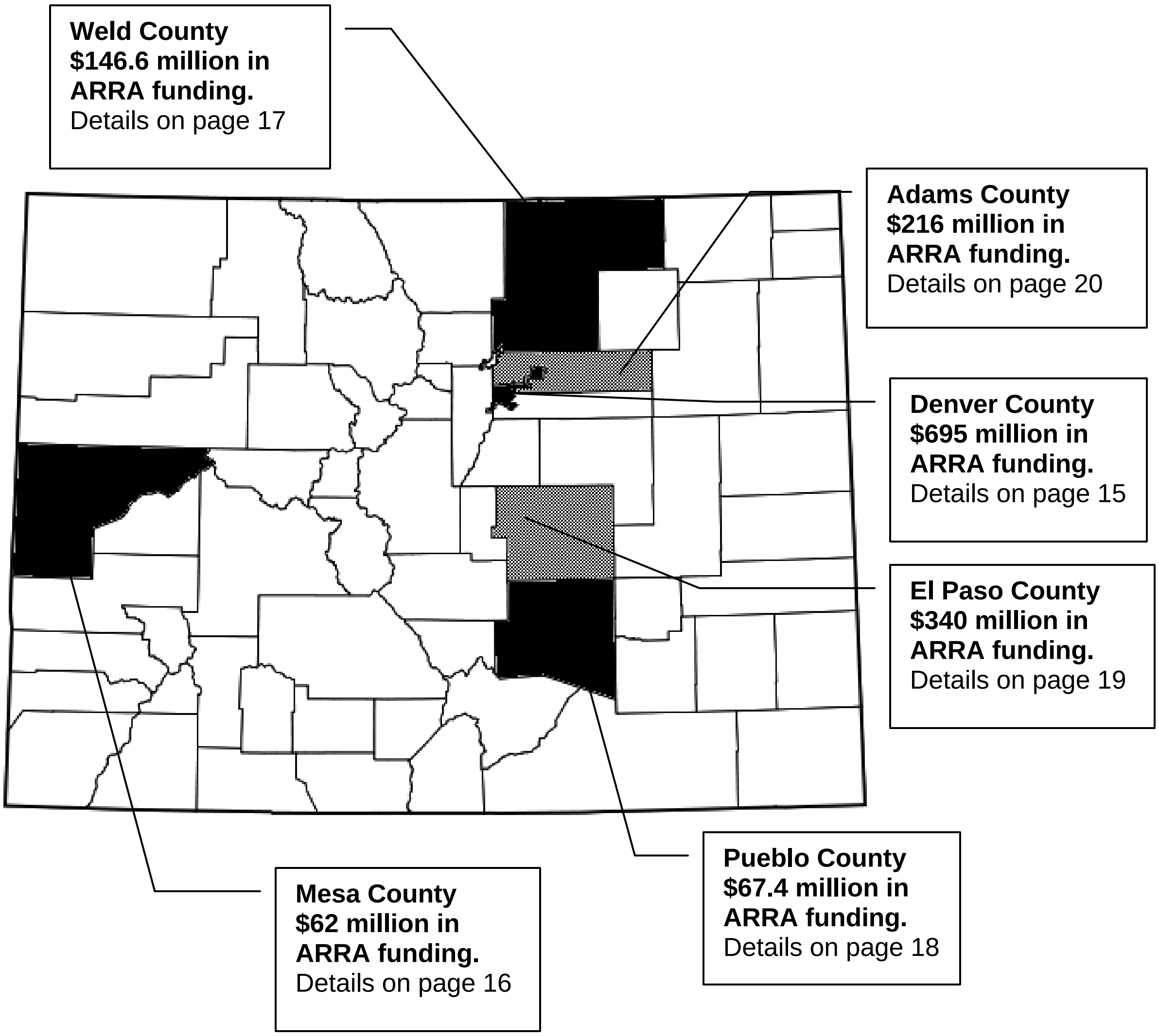
EITC in Colorado
In 2007, more than 300,000 families received EITC refunds in Colorado, averaging $1,752 per filer. Three-quarters of the EITC filers in Colorado have children and the other one-quarter are childless adults (between 25 and 64) who make less than $12,000 per year. With the ARRA expansion of the EITC, 11,463 more people will be eligible for the credit and 94,454 families will receive a bigger credit. That equates to more than 30 percent of all families that are eligible for EITC receiving an increased benefit from the ARRA expansion. An additional $57.5 million dollars will be available to families in Colorado who claim the EITC on top of the $460 million already provided.

ACTC in Colorado
In Colorado in 2006, more than 200,000 families filed for the ACTC. In total, Colorado families received $241.8 million from the credit. Now, with the changes made by ARRA, 103,836 taxpayers – 50 percent of all Coloradans who received the credit in 2006 – will benefit from the ACTC expansion including 25,797 people who will be newly eligible for the credit and 78,039 who will see a bigger refund.

Looking at the increased benefit for children in Colorado also illustrates the immense impact the ARRA-expanded ACTC has on Colorado families. Families with a collective 231,000 children younger than 17 will receive a larger ACTC benefit as a result of the expansion of the credit under ARRA.

Colorado tax benefits: A study by county

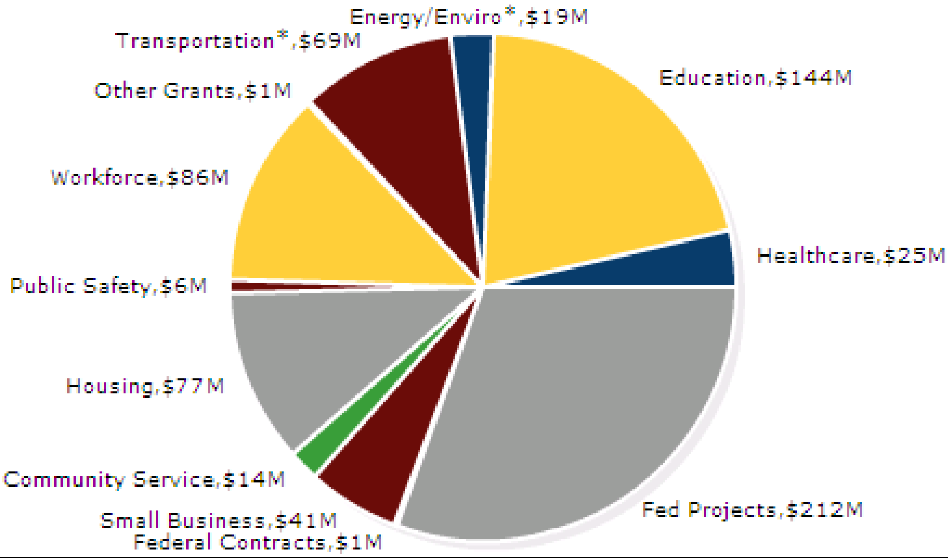
Surveying the tax benefits in a handful of counties allows a close-up view of ARRA's impact in Colorado. The county snapshots below do not include a valuation of the effect of the EITC and ACTC expansion under ARRA because those data are not yet available.



Denver County

ARRA dollars in Denver County

Updated: Jan. 14, 2010



Source: www.colorado.gov/recovery

Denver County has a population of 598,707 people who file 272,298 tax returns annually. The county's poverty rate is 18 percent. In 2006, Denver County had 39,137 EITC recipients, or 14.8 percent of the population. Also in 2006, EITC filers received an estimated $69 million in EITC refunds – 15 percent of all of the EITC refund money received in Colorado. Denver County also had 32,000 ACTC recipients in 2007. Those filers received a total of $37 million in ACTC. As of January 2010, Denver County had received roughly $695 million in ARRA funding.

Making Work Pay Credit

Of the $715 million Making Work Pay credit dollars that have come into Colorado, approximately 11.9 percent has gone to Denver County. Workers in Colorado have received an estimated $85 million in supplemental credit dollars on their paychecks or in their tax returns.

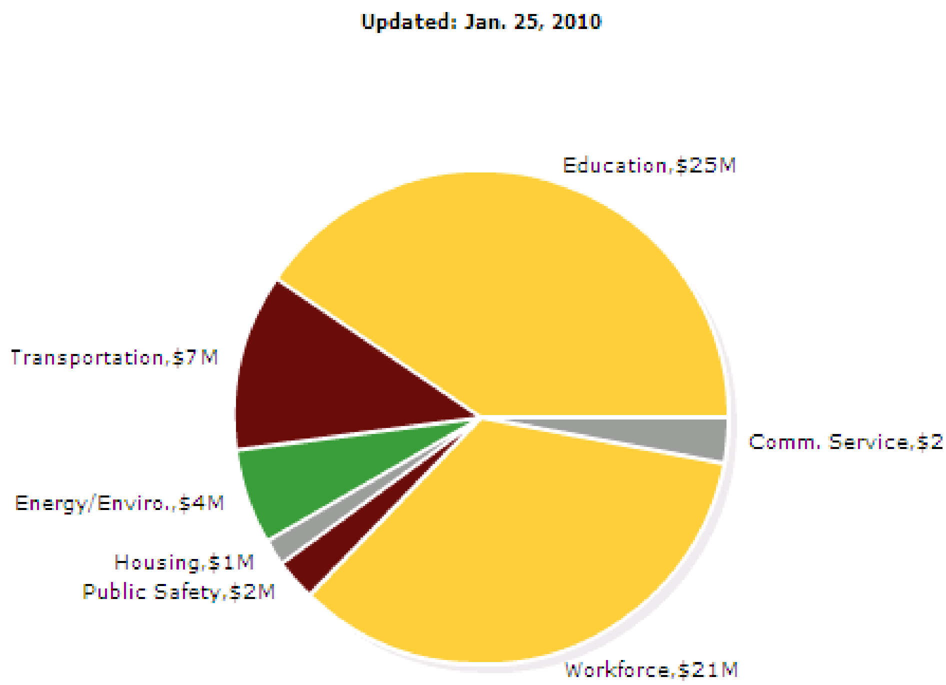
Housing Programs

Denver County has received $27 million in ARRA assistance for low-income housing programs.

Tax Credit Assistance Program		
$	3,174,297	Funds from the Low-Income Housing Tax Credit Assistance Program for construction of 112 affordable housing units at 1601 Colorado.
$	2,208,317	Funds from the Low-Income Housing Tax Credit Assistance Program for construction of 50 affordable housing at 5100 W. Alameda.
$	670,000	Funds from the Low-Income Housing Tax Credit Assistance Program for construction of 62 affordable housing units at Chaffee Park Senior Residents at 4580 North Tejon Street.
$	1,780,572	Funds from the Low-Income Housing Tax Credit Assistance Program for construction/rehabilitation of 100 affordable housing units at Denver Gardens at 6801 E. Mississippi Avenue.
$	870,757	Funds from the Low-Income Housing Tax Credit Assistance Program for construction of 65 affordable housing units at 305 W. Park Avenue.
$	5,907,584	Funds from the Low-Income Housing Tax Credit Assistance Program for construction of 97 affordable housing units – targeting the homeless – at 551 E. Colfax.
Tax Credit Exchange Program		
$	7,030,494	Funds from the Low-Income Housing Tax Credit Exchange Program for construction of 89 affordable housing units at 1525 Franklin Street.
$	5,401,172	Funds from the Low-Income Housing Tax Credit Exchange Program for construction of 93 affordable housing units at 1323 Gilpin Street.

Mesa County

ARRA dollars in Mesa County



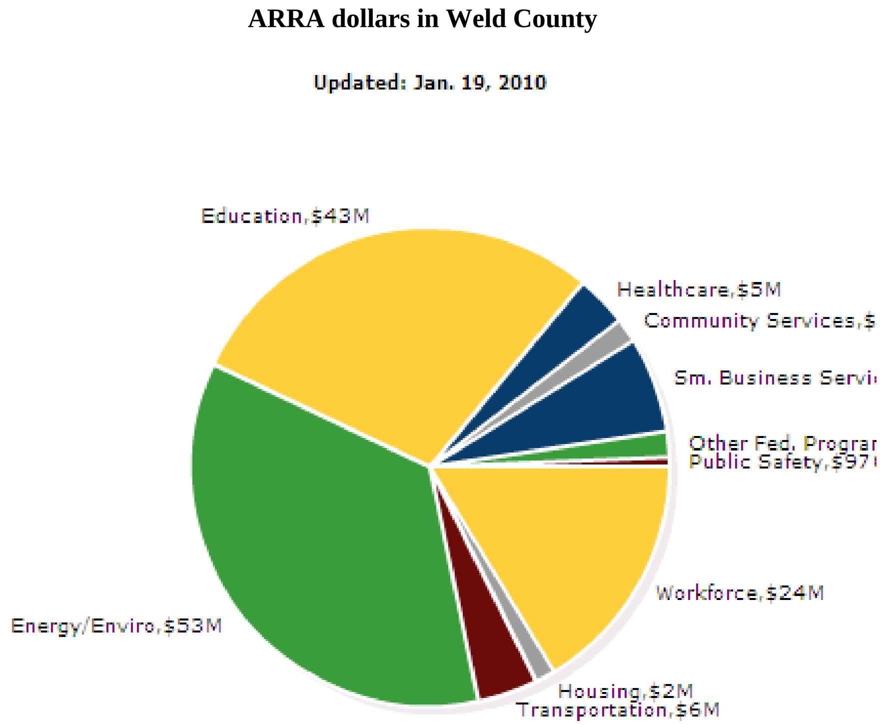
Source: www.colorado.gov/recovery

Mesa County has a population of 143,171 filing 64,142 returns annually. The poverty rate in Mesa County is 10.6 percent. Mesa County had 8,765 EITC recipients in 2006, or 13.9 percent of the population. EITC filers received more than $15 million dollars in EITC refunds. Mesa County also had 5,597 ACTC recipients in 2007 that received $5.9 million in ACTC money. Mesa County has received roughly $62 million in total ARRA funding as of January 2010.

Making Work Pay Credit

Mesa County workers have collected roughly 3 percent of the ARRA Making Work Pay credit dollars totaling an estimated $22 million for workers and their families.

Weld County



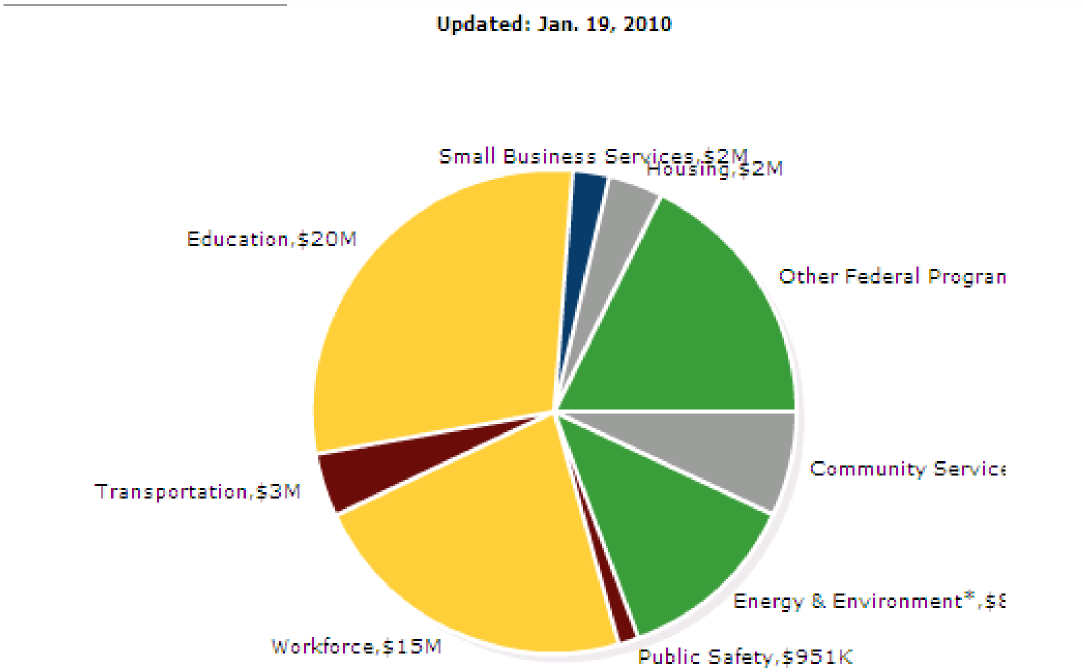
Source: www.colorado.gov/recovery

Weld County has a population of 249,775, with 12 percent living below the poverty line. Weld County residents filed 96,105 tax returns in 2007. Weld County had 14,478 EITC recipients in 2006 – 15 percent of the total population. These taxpayers received $27,405,000 in EITC refunds. Weld County also had more that 12,000 families that received ACTC money in 2007. These filers received $14.8 million from the ACTC credit. The county has received an estimated $146.6 million in ARRA funding as of January 2010.

Making Work Pay Credit
Of the $715 million in Making Work Pay credits given to Colorado, Weld County workers have received roughly $32 million – about 4 percent of all of the state funding.

Pueblo County

ARRA dollars in Pueblo County



Source: www.colorado.gov/recovery

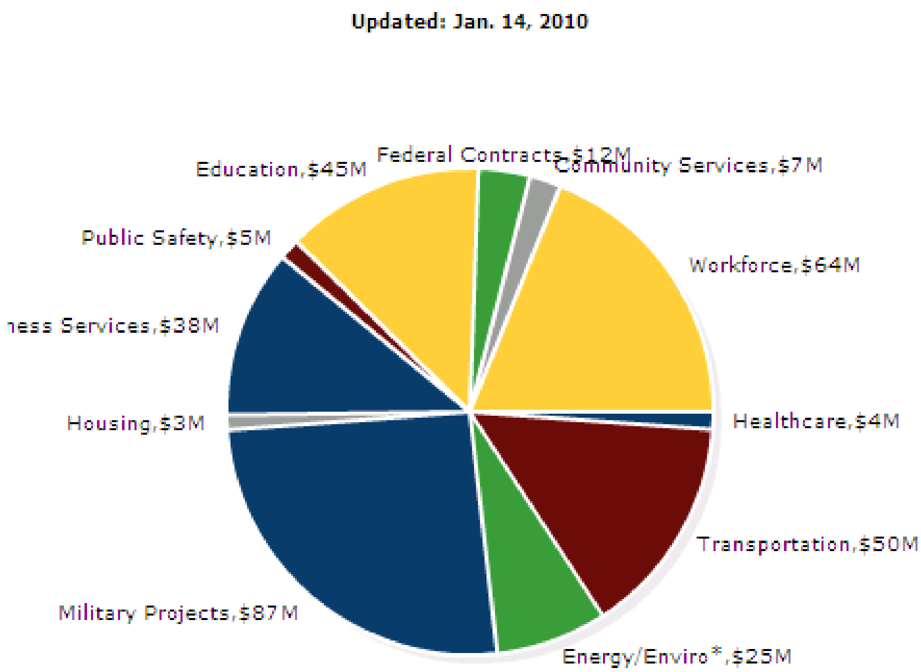
Pueblo County's population of 156,737 files 69,202 tax returns annually. The poverty rate in Pueblo County is 16.8 percent. Pueblo County had 13,716 EITC recipients in 2006, or 21.3 percent of the population. EITC filers collected $26.4 million in EITC refunds in 2006. In 2007, 7,870 filers in Pueblo County also received $7.9 million in ACTC funding. The county had received roughly $67.4 million in ARRA funding as of January 2010.

Making Work Pay Credit

About 3 percent of the Making Work Pay credit dollars have been received by workers in Pueblo County. That equates to approximately $19.4 million.

El Paso County

ARRA dollars in El Paso County



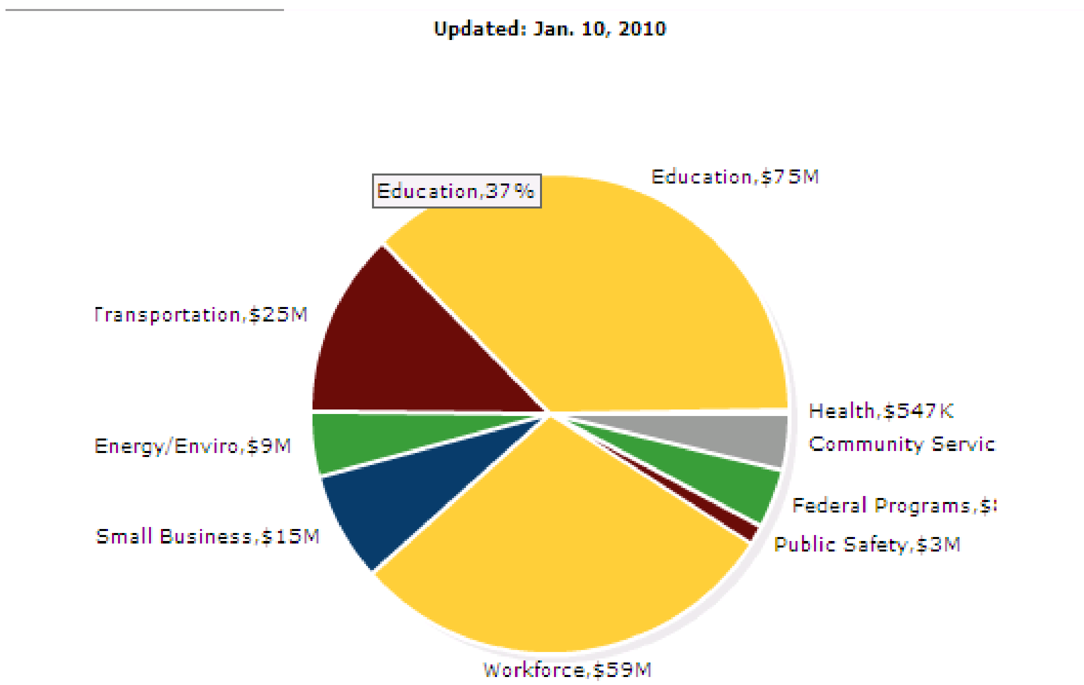
Source: www.colorado.gov/recovery

El Paso County has a population of 596,053, with 10.6 percent living under the poverty line. El Paso county residents filed 253,432 tax returns in 2007. In El Paso County, 14.3 percent of the population – 36,702 taxpayers – received roughly $66.7 million in EITC refunds in 2006. The county had 27,689 ACTC recipients in 2007. The total ACTC received was $32.8 million. El Paso County had received an estimated $340 million in ARRA funding as of January 2010.

Making Work Pay Credit
El Paso County workers have received 11 percent of the $715 million in Making Work Pay Credit in Colorado. That amounts to roughly $79 million additional dollars for El Paso County workers and their families.

Adams County

ARRA dollars in Adams County



Source: www.colorado.gov/recovery

Of the estimated 430,836 people who live in Adams County, 180,985 filed tax returns in 2007. The poverty rate in Adams County is 12 percent. Adams County had 27,119 EITC recipients who collected $51.1 million in EITC refunds in 2006. That equated to 15.6 percent of the total population receiving an EITC refund. Adams County also had 26,327 residents who received $31.6 million in ACTC dollars in 2007. Adams County had received roughly $216 million in ARRA funding as of January 2010.

Making Work Pay Credit
Adams County workers have received an additional $59 million in Making Work Pay credit relief. That equates to approximately 8 percent of all of the Making Work Pay funds that have been distributed in Colorado.

Housing Programs
Adams County received 2.9 million to support a low-income housing program.

Conclusion
While specific results of the ARRA package have been consistently debated, there is no question that the positive impact of ARRA has been felt throughout the nation. In the midst of unprecedented economic hardship, the ARRA package should be celebrated, not only for providing quantifiable aid and relief for families and businesses across America, but also for the less palpable assistance given to help so many avoid falling victim to the detrimental tremors of this recessionary earthquake.

Colorado is a perfect example of the legislation's success. Nearly all of Colorado has been touched by the helping hands reaching out from different areas of the ARRA package. More than 3.8 million Colorado families have been impacted by the tax funding to date and the majority of the funds have yet to be distributed. In addition, an estimated 70,000 Coloradans have been lifted above the poverty line and millions will continue to benefit from tax assistance such as the EITC, ACTC and Making Work Pay credits in 2010.

The tax provisions in ARRA have provided economic support and fiscal relief for families and businesses in nearly every industry and across all income brackets nationally. The temporary floatation created by ARRA has rescued America from drowning in the current recession and has also provided the means for many to remain afloat in the future. Like quicksand, without this smart and carefully crafted legislation, the fiscal crisis facing America would have slowly consumed our economic viability, as well as our chance at a strong and rapid recovery.

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Appendix – ARRA tax provisions

Tax relief for individuals and families

Refundable

1. ***"Making Work Pay" Tax Credit**:* Provides a refundable tax credit of up to $400 for working individuals and up to $800 for working families.
2. ***Credit for Certain Federal and State Pensioners**:* Provides a one-time refundable credit of $250 to certain government retirees who are not eligible for Social Security benefits.
3. ***American Opportunity Education Tax Credit (40 percent refundable):*** Provides up to a $2,500 tax credit for tuition and related expenses to individuals seeking a college education.
4. ***First-time Home Buyer Credit:*** Provides taxpayers with a refundable tax credit of up to $8,000 for the purchase of a new home.
5. ***Increase Eligibility for the Refundable Portion of the Child Credit:*** Increases the eligibility floor for the refundable child care credit to $3,000.

Non-refundable

1. ***Economic Recovery Payment to Recipients of Social Security, SSI, Railroad Retirement and Veterans Disability Compensation Benefits:*** Provides a one-time payment of $250 for retirees, disabled individuals and SSI recipients receiving benefits from the Social Security Administration, the Railroad Retirement fund or from the U.S. Department of Veterans Affairs.
2. ***Increase in EITC:*** Provides a temporary increase in the earned income tax credit for families with three or more children and increases the phase-out range for all married couples.
3. ***Addition of Computers as a Qualified Education Expense in 529 Plans:*** Adds computers and computer technology to qualified education expenses.
4. ***Sales Tax Deduction for Vehicle Purchase:*** Provides a deduction for the State local sales and excise taxes paid on the purchase of a new car, light truck RV or motorcycle.
5. ***Temporary Suspension of Taxation of Unemployment Benefits:*** Provides a temporary suspension of the federal income tax paid on the first $2,400 of unemployment benefits per recipient.
6. ***Extension of AMT Relief for 2009:*** Extends AMT relief for nonrefundable personal credits and increases the AMT exemption amount.

Tax Incentives for Businesses

1. ***Extension of Bonus Depreciation:*** Allows businesses to recover bonus depreciation faster by permitting them to immediately write off 50 percent of the cost of depreciable property.
2. ***Election to Accelerate Recognition of Historic AMT/R&D Credits*** Temporarily allows businesses to accelerate the recognition of their historic AMT or R&D credits in lieu of bonus depreciation.
3. ***Extension of Enhanced Small Business Spending:*** Increases the amount that small businesses may write-off for capital expenditures.
4. ***5-year Carryback of NOL for Small Businesses:*** Extends the NOL carryback period to five years for small businesses.
5. ***Delayed Recognition of Certain Cancellation of Debt Income:*** Allows certain businesses to recognize cancellation of debt income over 10 years.

6. ***Incentive to Hire Unemployed Veterans and Disconnected Youth:*** Extends the 40 percent work opportunity credit to cover unemployed veterans and disconnected youth.
7. ***Small Business Capital Gains:*** Increases the exclusion for the gain from the sale of certain small business stock held for more than 5 years to 75 percent.
8. ***Temporary Small Business Estimated Tax Payment Relief:*** Reduces the estimated payments for certain small businesses.
9. ***Temporary Reduction of S Corporation Built-in Gain Holding Period:*** Reduces the amount of time that an S Corporation must hold its assets to avoid built-in gains after a conversion from 10 years to 7 years.
10. ***Repeal of Treasury Section 382 Notices:*** Repeals a Notice from the IRS that liberalized tax rules that prevent taxpayers from claiming losses that were incurred by an acquired company prior to the taxpayer's ownership in the company.

Manufacturing Recovery Provisions

1. ***Industrial Development Bonds:*** Expands the definition of manufacturing facilities that qualify for development bonds.
2. ***Advanced Energy Investment Credit:*** Established a new 30 percent investment tax credit for facilities that are manufacturing advanced energy property.

Economic Recovery Tools

1. ***New Market Tax Credit:*** Increases the available New Market Tax Credits.
2. ***Recovery Zone Bonds:*** Creates new tax credit bonds to be distributed amongst the states for investment in economic recovery zones.
3. ***Tribal Economic Development Bonds:*** Temporarily allows tribal governments to issue $2 billion in unrestricted tax-exempt bonds for projects to spur economic development on tribal lands.

Infrastructure Financing Tools

1. ***De Minimis Sale Harbor Exception for Tax-Exempt Interest Expense for Financial:*** Expands what can be deducted by a business as an interest expense to include certain tax-exempt municipal bonds issued in 2009 and 2010.
2. ***Modification of Small Issuer Exception to Tax-Exempt Interest Expense Allocation Rules for Financial Institutions:*** Temporarily increases the maximum dollar threshold for qualified small issuers of tax-exempt bond obligations from $10,000,000 to $30,000,000, therefore increasing the amount of interest that may be deducted by businesses that receive these bonds.
3. ***Eliminate Costs Imposed on State and Local Governments by the AMT:*** Temporarily excludes all categories of private activity bonds from AMT.
4. ***Delay Application of Withholding Requirements on Certain Governmental Payments for Goods and Services:*** Delays for one year (through 12/21/2011) the application of the three-percent withholding requirement on government payment for goods and services.
5. ***Qualified School Construction Bonds:*** Creates a new category of tax credit bonds for the construction, rehabilitation or repair of public school facilities or for the acquisition of land on which a public school facility will be constructed.
6. ***Extension and Increase in Authorization for Qualified Zone Academy Bonds:*** Allows for an additional $1.4 Billion of Qualified Zone Academy Bonds to be issued to state and local government authorities in 2009 and 2010.

7. ***Tax Credit Bond Option for State and Local Governments (Build America Bonds):*** Provides state and local governments with the option of issuing a tax credit bond in stead of a tax-exempt governmental obligation bond in 2009 and 2010.

Reinvestment in Renewable Energy

1. ***Long-term Extension and Modification of Renewable Energy Production Credit:*** Extends the placed-in-service date for wind facilities and certain other qualifying facilities for three years.
2. ***Temporary Election to Claim the Investment Tax Credit in Lieu of the Production Tax Credit:*** Allows qualifying facilities to claim the 30 percent investment tax credit in lieu of the production tax credit.
3. ***Repeal Subsidized Energy Financing Limitations on the Investment Tax Credit:*** Repeals the subsidized energy financing limitation on the investment tax credit if such property is financed with industrial development bonds or through any other subsidized energy financing.
4. ***Removal of Dollar Limitations on Certain Energy Credits:*** Repeals the dollar limitation on the amount that businesses and individuals can claim for qualified energy credits.
5. ***Clean Renewable Energy Bonds:*** Authorized the issuance of $1.6 billion in clean renewable energy bonds to finance facilities that produce electricity from wind, biomass, geothermal, irrigation, hydropower, landfill gas, marine renewable and trash combustion.
6. ***Qualified Energy Conservation Bonds:*** Authorizes the issuance of $2.4 billion in qualified energy conservation bonds to finance state, municipal and tribal programs designed to reduce greenhouse gas emissions.
7. ***Tax Credit for Energy-Efficient Improvements to Existing Homes:*** Extends the tax credits for improvements to energy-efficient existing homes through 2010. This bill also increases the amount of the tax credit to 30 percent of the amount paid for improvements and eliminates the property-by-property dollar caps by adding an aggregate $1,500 cap on all qualifying property.
8. ***Tax Credits for Alternative Refueling Property:*** Increases the amount of the alternative property refueling credit (for installing alternative fuel pumps) for businesses by increasing the cap to $200,000 (instead of $50,000). Also increases the cap for individuals to $2,000 from $1,000.
9. ***Plug-in Electric Drive Vehicle Credit:*** Increases the tax credit for qualified plug-in electric drive vehicles to $417, plus $417 for each kilowatt hour of battery capacity in excess of 5 kilowatt hours up to 16 kilowatt hours.
10. ***Addition of Permanent Sequestration of CO_2 Capture Tax Credit:*** Adds the requirement that any person claiming the CO_2 capture credit must also make sure that the carbon dioxide is permanently stored in a geologic formation.
11. ***Parity for Transit Benefits:*** Sets the parking and transit benefits for the tax-free fringe benefits for employee transit and parking at $230 per month in 2009 and indexes it for 2010.

Assistance for Families and Unemployed Workers

1. ***Extension for Emergency Unemployment Compensation:*** Extends the Emergency Unemployment Compensation bill which provides up to 33 weeks of extended unemployment benefits to workers who have exhausted their regular benefits.
2. ***Increase in Unemployment Compensation Benefits:*** Increases weekly unemployment benefits by $25 through 2009.

3. ***Unemployment Compensation Modernization:*** Provides one-time grants to reward and encourage States in pursuing unemployment compensation reform for low-wage, part-time and other jobless workers.
4. ***Temporary Assistance to States with Advances to Unemployment Trust Funds:*** Temporarily waives interest payments and the accrual in interest on loans for unemployment funding received by states.
5. ***Additional Unemployment Provisions:*** Extends unemployment compensation for railroad workers for 13 weeks and provides temporary federal assistance to states for the administration of Extended Benefits programs.
6. ***Temporary Assistance for Needy Families Contingency Fund:*** For 2010, creates a temporary TANF emergency fund to provide states relief during the recession.
7. ***Extension of TANF Supplemental Grants:*** Provides additional TANF assistance to qualifying states with high population growth and/or increasing poverty.
8. ***Child Support Enforcements:*** Repeals the cuts to child support enforcement funding through Sept. 30, 2010.

Health Insurance Assistance

1. ***Premium Subsidies for COBRA Continuation Coverage for Unemployed Workers:*** Provides a 65 percent subsidy for COBRA continuing health insurance premiums for up to 9 months for workers who have been involuntarily terminated.
2. ***Medicare Payments for Teaching Hospitals:*** Bars a fiscal year 2009 Medicare payment reduction to teaching hospitals.
3. ***Medicare Payments to Hospice:*** Blocks a fiscal year 2009 Medicare payment cut to hospice providers.

State Fiscal Relief and Medicaid

1. ***Temporary FMAP Increase:*** Increases FMAP funding for 27 months to all states of 6.2 percent.
2. ***Temporary Increase in Disproportionate Share Hospital (DSH) Payments:*** Increases states fiscal year 2009 annual Disproportionate Share Hospitals (DSH) allotment by 2.5 percent and increases states fiscal year 2010 allotment an additional 2.5 percent above the fiscal year 2009 allotment.
3. ***Extension of Moratoria on Medicaid Regulations:*** Extends moratoria on Medicaid regulations for targeted case management, provider taxes, and school-based administration and transportation services through fiscal year 2009.
4. ***Extension of Transitional Medical Assistance (TMA):*** Extends transitional medical assistance (TMA) to December 31, 2010.
5. ***Extension of Qualified Individual Program:*** Extends the Qualified Individual program, which assists certain low-income individuals with Medicare Part B premiums through December 31, 2010.
6. ***Provisions from the Indian Health Care Improvement Act:*** Eliminates cost-sharing from American Indians and Alaska Natives in Medicaid, protects Indian Tribal property, and maintains access to Indian health facilities.
7. ***Prompt Payment Requirement for Nursing Facilities and Hospitals:*** Temporary application of Medicaid prompt pay requirements to nursing facilities and hospitals.

Health Information Technology

1. ***Funding for Health Information Technology (IT) through Medicare and Medicaid Incentives:*** Promotes the use of health information technology by requiring the government

to develop standards by 2010 that allow for the nationwide electronic exchange and use of health information, investing in health information technology infrastructure in Medicaid and Medicare and by strengthening privacy and security law to protect health information.

Trade Provisions

1. ***Expansion of Trade Adjustment Assistance (TAA) Programs:*** Expands the Trade Adjustment Assistance (TAA) programs in a variety of ways including extending TAA to trade-affected service sector workers and workers affected by offshoring or outsourcing to all countries, increasing training funds available to states and creates new TAA program communities.
2. ***Duty Refund Recollection:*** Prohibits the U.S. Customs and Border Protection (CBP) from demanding that US lumber, steel and other companies repay duties that CBP collected on Canadian and Mexican imports, and then distributed to the companies between 2001 and 2005.

Debt Limit

1. ***Debt Limit Increase:*** Increases the statutory limit on the public debt by $789 billion.

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