

**AGENCY FOR WORKFORCE INNOVATION**  
**American Recovery and Reinvestment Act of 2009**  
Summary of Tax Credits for Businesses and the Public  
February 25, 2009

**TAX INCENTIVES FOR BUSINESSES**

**1. EXTENSION OF BONUS DEPRECIATION (SEC 1201)**

**Purpose:** *Allows for an accelerated depreciation schedule for capital expenditures incurred in 2009.*

**General Information:**

- (1) Businesses are allowed to recover the cost of capital expenditures over time according to a depreciation schedule.
- (2) In 2008, Congress temporarily allowed businesses to recover the costs of capital expenditures made in 2008 faster than the ordinary depreciation schedule would allow.
- (3) Businesses were allowed to immediately write-off fifty percent of the cost of depreciable property (e.g., equipment, tractors, wind turbines, solar panels, and computers) acquired in 2008 for use in the United States.

**Lead Implementer: Business Taxpayer/Internal Revenue Service**

**2. ELECTION TO ACCELERATE RECOGNITION OF HISTORIC AMT/R&D CREDITS (SEC 1201)**

**Purpose:** *Extends the temporary benefit for businesses to accelerating historic AMT/R&D credits through 2009.*

**General Information:**

- (1) In 2008, Congress temporarily allowed businesses to accelerate the recognition of a portion of their historic AMT or research and development (R&D) credits in lieu of bonus depreciation.
- (2) The amount that taxpayers may accelerate is calculated based on the amount that each taxpayer invests in property that would otherwise qualify for bonus depreciation.
- (3) The accelerated amount is capped at the lesser of six percent (6%) of historic AMT and R&D credits or \$30 million.

**Lead Implementer: Business Taxpayer/Internal Revenue Service**

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**3. EXTENSION OF ENHANCED SMALL BUSINESS EXPENSING (SEC 1202)**

**Purpose:** *Extends temporary increases for capital expenditures incurred in 2009.*

**General Information:**

(1) In order to help small businesses quickly recover the cost of certain capital expenses, small business taxpayers may elect to write-off the cost of these expenses in the year of acquisition in lieu of recovering these costs over time through depreciation.

(2) Until the end of 2010, small business taxpayers are allowed to write-off up to \$125,000 (indexed for inflation) of capital expenditures subject to a phase-out once capital expenditures exceed \$500,000 (indexed for inflation).

(3) In 2008, Congress temporarily increased the amount that small businesses could write-off for capital expenditures incurred in 2008 to \$250,000 and increased the phase-out threshold for 2008 to \$800,000.

**Lead Implementer: Business Taxpayer/Internal Revenue Service**

**4. FIVE--YEAR CARRY-BACK OF NET OPERATING LOSSES (NOL) FOR SMALL BUSINESSES (SEC 1211)**

**Purpose:** *Extends for 2008 the maximum net operating losses carry-back period from two years to five years for small businesses with gross receipts of \$15 million or less.*

**General Information:**

(1) Previously net operating losses (NOLs) may be carried back to the two taxable years before the year that the loss arises (the "NOL carry-back period") and carried forward to each of the succeeding twenty taxable years after the year that the loss arises.

**Lead Implementer: Business Taxpayer/Internal Revenue Service**

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**5. DELAYED RECOGNITION OF CERTAIN CANCELLATION OF DEBT INCOME (SEC 1231)**

**Purpose:** *Allows certain businesses to recognize cancellation of debt income (CODI) over 10 years (defer tax on CODI for the first four or five years and recognize this income ratably over the following five taxable years) for specified types of business debt repurchased by the business after December 31, 2008 and before January 1, 2011.*

**General Information:**

(1) Previously a taxpayer generally had income where the taxpayer cancels or repurchases its debt for an amount less than its adjusted issue price.

(2) The amount of cancellation of debt income ("CODI") is the excess of the old debt's adjusted issue price over the repurchase price.

**Lead Implementer: Business Taxpayer/Internal Revenue Service**

**6. INCENTIVES TO HIRE UNEMPLOYED VETERANS AND DISCONNECTED YOUTH (WOTC) (SEC 1221)**

**Purpose:** *Create two new targeted groups of prospective employees for Work Opportunity Tax Credit (WOTC) eligibility: (1) unemployed veterans; and (2) disconnected youth*

**General Information:**

(1) Previously businesses were allowed to claim a work opportunity tax credit equal to 40 percent of the first \$6,000 of wages paid to employees of one of nine targeted groups.

(2) Individual would qualify as an unemployed veteran if they were discharged or released from active duty from the Armed Forces during the five-year period prior to hiring and received unemployment compensation for more than four weeks during the year before being hired.

(3) An individual qualifies as a disconnected youth if they are between the ages of 16 and 25 and have not been regularly employed or attended school in the past 6 months.

**Lead Implementer: Business Taxpayer/Internal Revenue Service/Agency for Workforce Innovation**

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**7. SMALL BUSINESS CAPITAL GAINS (SEC 1202)**

**Purpose:** *Allows a seventy-five percent (75%) exclusion for individuals on the gain from the sale of certain small business stock held for more than five years and issued after the date of the bill enactment and before January 1, 2011.*

**General Information:**

- (1) Previously Section 1202 provided a fifty percent (50%) exclusion for the gain from the sale of certain small business stock held for more than five years.
- (2) The amount of gain eligible for the exclusion is limited to the greater of 10 times the taxpayer's basis in the stock, or \$10 million gain from stock in that small business corporation.
- (3) This provision is limited to individual investments and not the investments of a corporation.
- (4) The non-excluded portion of section 1202 gain is taxed at the lesser of ordinary income rates or 28 percent, instead of the lower capital gains rates for individuals.

**Lead Implementer: Business Taxpayer/Internal Revenue Service**

**8. TEMPORARY SMALL BUSINESS ESTIMATED TAX PAYMENT RELIEF (SEC 1251)**

**Purpose:** *Reduces the 2009 required estimated tax payments for certain small businesses.*

**Lead Implementer: Business Taxpayer/Internal Revenue Service**

**9. TEMPORARY REDUCTION OF S CORPORATION BUILT-IN GAINS HOLDING PERIOD (SEC 1251)**

**Purpose:** *Temporarily reduces the holding period from ten years to seven years for sales occurring in 2009 and 2010.*

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**General Information:**

- (1) Previously if a taxable corporation converts into an S corporation, the conversion was not a taxable event.
- (2) After conversion, an S corporation must hold its assets for ten years in order to avoid a tax on any built-in gains that existed at the time of the conversion.

**Lead Implementer: Business Taxpayer/Internal Revenue Service**

**10. INDUSTRIAL DEVELOPMENT BONDS (IDB) (SEC 1301)**

**Purpose:** *Amends the definition of manufacturing facility to any facility used in the manufacturing, creation, or production of tangible or intangible property. Also clarifies which physical components of a manufacturing facility qualify as "ancillary."*

**General Information:**

- (1) Previously certain manufacturing facilities were eligible for tax exempt bond financing.
- (2) Section 144(a)(12)(C) specifically limits the definition of a manufacturing facility for the purposes of such financing to facilities that are used in the manufacturing or production of tangible personal property.
- (3) Intangible property is any patent, copyright, formula, process, design, pattern, knowhow, format, or other similar item.
- (4) An ancillary facility is subjected to a 25% limitation in the amount of bond issuance used to build or re-construct a facility.

**Lead Implementer: Business Taxpayer/Internal Revenue Service**

**11. ADVANCED ENERGY INVESTMENT CREDIT (SEC 1302)**

**Purpose:** *Establishes a new 30% investment tax credit for facilities engaged in the manufacture of advanced energy property.*

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**General Information:**

(1) Credits are available only for projects certified by the Secretary of Treasury, in consultation with the Secretary of Energy, through a competitive bidding process

(2) The Secretary of Treasury must establish a certification program no later than 180 days after date of enactment, and may allocate up to \$2.3 billion in credits.

(3) Advanced energy property includes technology for the production of renewable energy, energy storage, energy conservation, efficient transmission and distribution of electricity, and carbon capture and sequestration.

**Lead Implementer: Business Taxpayer/Internal Revenue Service**

**12. NEW MARKETS TAX CREDIT (SEC 1403)**

**Purpose:** *Increases the available credits for 2008 to \$5 billion and the available credits for 2009 to \$5 billion to make loans and capital investments in businesses in underserved areas.*

**General Information:**

(1) Part of the Community Renewal Tax Relief Act of 2000, the New Markets Tax Credit Program spurs approximately \$15 billion in investments into privately managed investment institutions.

(2) Individual or corporate investor can receive a tax credit worth 39 percent (30 percent net present value) of the initial investment, distributed over 7 years, along with any anticipated return on their investment in Community Development Entities (CDEs).

(3) The New Market Tax Credit Program permits taxpayers to claim a credit against Federal income taxes for Qualified Equity Investments (QEIs) made to acquire stock or a capital interest in designated CDEs.

(4) Previously there was \$3.5 billion of New Markets Tax Credits (NMTC) available for each of 2008 and 2009

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**13. RECOVERY ZONE BONDS (SEC 1401)**

**Purpose:** *Create a new category of tax credit bonds for investment in economic recovery zones.*

**General Information:**

- (1) The bill authorizes \$10 billion in recovery zone economic development bonds and \$15 billion in recovery zone facility bonds.
- (2) These bonds could be issued during 2009 and 2010.
- (3) Each state will receive a share of the national allocation based on that state's job losses in 2008 as a percentage of national job losses in 2008 (each state will receive a minimum allocation of these bonds).
- (4) These allocations will be sub-allocated to local municipalities. Municipalities receiving an allocation of these bonds would be permitted to use these bonds to invest in infrastructure, job training, education, and economic development in areas within the boundaries of the State, city or county (as the case may be) that has significant poverty, unemployment or home foreclosures.

**Lead Implementer:** **Municipalities/Business Taxpayer/Internal Revenue Service**

**14. LONG-TERM EXTENSION AND MODIFICATION OF RENEWABLE ENERGY PRODUCTION TAX CREDIT (SEC 1101)**

**Purpose:** *Extends the placed-in-service date for wind facilities for three years (through December 31, 2012) and extends the placed-in-service date for three years (through December 31, 2013) for certain other qualifying facilities: closed-loop biomass; open-loop biomass; geothermal; small irrigation; hydropower; landfill gas; waste-to-energy; and marine renewable facilities.*

**Lead Implementer:** **Business Taxpayer/Internal Revenue Service**

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**15. TEMPORARY ELECTION TO CLAIM THE INVESTMENT TAX CREDIT IN LIEU OF THE PRODUCTION TAX CREDIT (SEC 1102)**

**Purpose:** *Allows facilities to elect to claim the investment tax credit in lieu of the production tax credit.*

**General Information:**

(1) Previously, facilities that produce electricity from solar facilities were eligible to take a thirty percent (30%) investment tax credit in the year that the facility is placed in service.

(2) Facilities that produce electricity from wind, closed-loop biomass, open-loop biomass, geothermal, small irrigation, hydropower, landfill gas, waste-to-energy, and marine renewable facilities are eligible for a production tax credit.

(3) The production tax credit is payable over a ten year period.

**Lead Implementer: Business Taxpayer/Internal Revenue Service**

**16. REPEAL SUBSIDIZED ENERGY FINANCING LIMITATION ON THE INVESTMENT TAX CREDIT (SEC 1103)**

**Purpose:** *Repeals subsidized energy financing limitation on the investment tax credit in order to allow businesses and individuals to qualify for the full amount of the investment tax credit even if such property is financed with industrial development bonds or through any other subsidized energy financing.*

**General Information:**

(1) Previously, the investment tax credit must be reduced if the property qualifying for the investment tax credit is also financed with industrial development bonds or through any other Federal, State, or local subsidized financing program.

**Lead Implementer: Business Taxpayer/Internal Revenue Service**

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**17. REMOVAL OF DOLLAR LIMITATIONS ON CERTAIN ENERGY CREDITS (SEC 1103)**

**Purpose:** *Allows for businesses to claim an uncapped thirty percent (30%) energy credit.*

**General Information:**

(1) Previously, businesses were allowed to claim a thirty percent (30%) tax credit for qualified small wind energy property (capped at \$4,000).

**Lead Implementer: Business Taxpayer/Internal Revenue Service**

**18. CLEAN RENEWABLE ENERGY BONDS (CREBS) (SEC 1111)**

**Purpose:** *Authorizes an additional \$1.6 billion of new clean renewable energy bonds to finance facilities that generate electricity.*

**General Information:**

(1) Eligibility facilities can generate electricity from the following resources: wind; closed-loop biomass; open-loop biomass; geothermal; small irrigation; hydropower; landfill gas; marine renewable; and trash combustion facilities.

(2) The authorized funds will be subdivided into thirds: 1/3 will be available for qualifying projects of State/local/tribal governments; 1/3 for qualifying projects of public power providers; and 1/3 for qualifying projects of electric cooperatives.

**Lead Implementer: Business Taxpayer/Internal Revenue Service**

**19. QUALIFIED ENERGY CONSERVATION BONDS (SEC 1112)**

**Purpose:** *Authorizes an addition \$2.4 billion of qualified energy conservation bonds to finance State, municipal and tribal government programs and initiatives designed to reduce greenhouse gas emissions.*

**General Information:**

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(1) The bill would also clarify that qualified energy conservation bonds may be issued to make loans and grants for capital expenditures to implement green community programs. (2) The bill also clarifies that qualified energy conservation bonds may be used for programs in which utilities provide ratepayers with energy-efficient property and recoup the costs of that property over an extended period of time.

**Lead Implementer: Business Taxpayer/Internal Revenue Service/  
State, municipal and tribal governments**

**20. TAX CREDITS FOR ALTERNATIVE REFUELING PROPERTY (SEC 1123)**

**Purpose:** *Increase for 2009 and 2010 the 30% alternative refueling property credit for businesses (capped at \$30,000) to 50% (capped at \$50,000).*

**General Information:**

- (1) The alternative refueling property credit provides a tax credit to businesses (e.g., gas stations) that install alternative fuel pumps, such as fuel pumps that dispense E85 fuel, electricity, hydrogen, and natural gas.
- (2) Hydrogen refueling pumps would remain at a 30% credit percentage.
- (3) The cap for hydrogen refueling pumps will be increased to \$200,000.

**Lead Implementer: Business Taxpayer/Internal Revenue Service**

**21. PLUG-IN ELECTRIC DRIVE VEHICLE CREDIT (SEC 1142)**

**Purpose:** *Modifies and increases a tax credit for each qualified plug-in electric drive vehicle placed in service during the taxable year.*

**General Information:**

- (1) The base amount of the credit is \$2,500
- (2) If the qualified vehicle draws propulsion from a battery with at least 5 kilowatt hours of capacity, the credit is increased by \$417, plus another \$417 for each kilowatt hour of battery capacity in excess of 5 kilowatt hours up to 16 kilowatt hours.
- (3) Taxpayers may claim the full amount of the allowable credit up to the end of the first calendar quarter in which the manufacturer records its 200,000th sale of a plug-in electric drive vehicle.
- (4) The credit is reduced in following calendar quarters.

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- (5) The credit is allowed against the alternative minimum tax (AMT).
- (6) The bill restores and updates the electric vehicle credit for plug-in electric vehicles that would not otherwise qualify for the larger plug-in electric drive vehicle credit and provides a tax credit for plug-in electric drive conversion kits.

**Lead Implementer: Business Taxpayer/Internal Revenue Service**

**22. ADDITION OF PERMANENT SEQUESTRATION REQUIREMENT TO CO2 CAPTURE TAX CREDIT (SEC 1131)**

**Purpose:** *Requires that any taxpayer claiming the \$10 credit per ton for carbon dioxide captured and transported for use in enhanced oil recovery must also ensure that such carbon dioxide is permanently stored in a geologic formation.*

**General Information:**

- (1) In 2008, Congress provided a \$10 credit per ton for the first 75 million metric tons of carbon dioxide captured and transported from an industrial source for use in enhanced oil recovery, and \$20 credit per ton for carbon dioxide captured and transported from an industrial source for permanent storage in a geologic formation.
- (2) Facilities were required to capture at least 500,000 metric tons of carbon dioxide per year to qualify.

**Lead Implementer: Business Taxpayer/Internal Revenue Service**

**23. PARITY FOR TRANSIT BENEFITS (SEC 1151)**

**Purpose:** *Equalizes the tax-free benefits public employers can provide for transit and parking.*

**General Information:**

- (1) Previously employers could provide a tax-free fringe benefit to employees for transit and parking.

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- (2) Those benefits are set at different dollar amounts.
  - (3) The bill sets both the parking and transit benefits at \$230 a month for 2009, indexes them equally for 2010, and clarifies that certain transit benefits apply to federal employees.

**Lead Implementer: Business Taxpayer/Internal Revenue Service**

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## **TAX BENEFITS FOR INDIVIDUALS AND FAMILIES**

### **1. TEMPORARY SUSPENSION OF TAXATION OF UNEMPLOYMENT BENEFITS (SEC 1007)**

**Purpose:** *Temporarily suspends federal income tax on the first \$2,400 of unemployment benefits per recipient.*

**General Information:**

- (1) Previously all federal unemployment benefits are subject to taxation.
- (2) Any unemployment benefits over \$2,400 will be subject to federal income tax.
- (3) This proposal is in effect for taxable year 2009.

**Lead Implementer: Individual Taxpayer/Internal Revenue Service**

### **2. TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) CONTINGENCY FUND (SEC 2101-2104)**

**Purpose:** *Provides states with funding to provide relief in serving TANF eligible individuals during the recession.*

**General Information:**

- (1) The bill creates through FY 2010 a capped, temporary TANF Emergency Contingency Fund.
- (2) Through FY 2010, the bill provides additional assistance to qualifying states with high population growth and/or increased poverty at the same amount awarded in FY 2009
- (3) The bill repeals cuts to child support enforcement funding through September 30, 2010.

**Lead Implementer: Florida Department of Children and Families**

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**3. PREMIUM SUBSIDIES FOR COBRA CONTINUATION COVERAGE FOR UNEMPLOYED WORKERS (SEC 3001)**

**Purpose:** *Provides a 65% subsidy for COBRA continuation premiums for up to 9 months for workers who have been involuntarily terminated, and for their families.*

**General Information:**

(1) The subsidy also applies to health care continuation coverage if required by states for small employers.

(2) To qualify for premium assistance, a worker must be involuntarily terminated between September 1, 2008 and December 31, 2009.

(3) The subsidy would terminate upon offer of any new employer sponsored health care coverage or Medicare eligibility.

(4) Workers who were involuntarily terminated between September 1, 2008 and enactment, but failed to initially elect COBRA because it was unaffordable, would be given an additional 60 days to elect COBRA and receive the subsidy.

(5) Participants must attest that their same year income will not exceed \$125,000 for individuals and \$250,000 for families.

**Lead Implementer: Florida Department of Financial Services**

**4. "MAKING WORK PAY" TAX CREDIT (SEC. 1001)**

**Purpose:** *Provides for a refundable tax credit for 2009 and 2010 of up to \$400 for working individuals and \$800 for working families.*

**General Information:**

(1) This tax credit would be calculated at a rate of 6.2% of earned income, and would phase out for taxpayers with adjusted gross income in excess of \$75,000 (\$150,000 for married couples filing jointly).

(2) Taxpayers can receive this benefit through a reduction in the amount of income tax that is withheld from their paychecks, or through claiming the credit on their tax returns.

(3) Individuals who receive a paycheck and are subject to withholding, the credit will typically be handled by their employers through automated withholding changes in early spring. These changes may result in an increase in take-home pay.

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(4) The amount of the credit must be reported on the employee's 2009 income tax return filed in 2010.

(6) Taxpayers who do not have taxes withheld by an employer during the year can also claim the credit on their 2009 tax return.

**Lead Implementer: Individual Taxpayer/Internal Revenue Service**

**5. ECONOMIC RECOVERY PAYMENT TO RECIPIENTS OF SOCIAL SECURITY, SSI, RAILROAD RETIREMENT AND VETERANS DISABILITY COMPENSATION BENEFITS (SEC 2201)**

**Purpose:** *Provides a one-time payment of \$250 to retirees, disabled individuals and SSI recipients receiving benefits from the Social Security Administration, Railroad Retirement beneficiaries, and disabled veterans receiving benefits from the U.S. Department of Veterans Affairs.*

**General Information:**

(1) The one-time payment is a reduction to any allowable Making Work Pay Tax Credit.

**Lead Implementer: Individual Taxpayer/Internal Revenue Service**

**6. REFUNDABLE CREDIT FOR CERTAIN FEDERAL AND STATE PENSIONERS (SEC 2202)**

**Purpose:** *Provides for a onetime refundable tax credit of \$250 in 2009 to certain government retirees who are not eligible for Social Security benefits.*

**General Information:**

(1) This one-time credit is a reduction to any allowable Making Work Pay credit.

**Lead Implementer: Individual Taxpayer/Internal Revenue Service**

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**7. INCREASE IN EARNED INCOME TAX CREDIT (SEC 1002)**

**Purpose:** *Temporarily increase the earned income tax credit for working families with three or more children.*

**General Information:**

(1) This credit is subject to a phase-out for working families with adjusted gross income in excess of \$16,420 (\$19,540 for married couples filing jointly).

(2) The bill increases the earned income tax credit to forty-five percent (45%) of the family's first \$12,570 of earned income for families with three or more children and would increase the beginning point of the phase-out range for all married couples filing a joint return (regardless of the number of children) by \$1,880.

**Lead Implementer: Individual Taxpayer/Internal Revenue Service**

**8. INCREASE ELIGIBILITY FOR THE REFUNDABLE PORTION OF CHILD CREDIT (SEC 1003)**

**Purpose:** *Increase the eligibility for the refundable child tax credit in 2009 and 2010.*

**General Information:**

(1) For 2008, the child tax credit is refundable to the extent of 15 percent of the taxpayer's earned income in excess of \$8,500.

(2) The bill would reduce this floor of earned income in excess of \$3,000 for 2009 and 2010.

**Lead Implementer: Internal Revenue Service**

**9. "AMERICAN OPPORTUNITY" EDUCATION TAX CREDIT (SEC 1004)**

**Purpose:** *Provide taxpayers with a new tax credit for 2009 and 2010 of up to \$2,500 of the cost of tuition and related expenses paid during the taxable year.*

**General Information:**

(1) Taxpayers will receive a tax credit based on one hundred percent (100%) of the first \$2,000 of tuition and related expenses (including books)

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paid during the taxable year and twenty-five percent (25%) of the next \$2,000 of tuition and related expenses paid during the taxable year.

(2) Forty percent (40%) of the credit would be refundable.

(3) The tax credit will be subject to a phase-out for taxpayers with adjusted gross income in excess of \$80,000 (\$160,000 for married couples filing jointly).

**Lead Implementer: Individual Taxpayer/Internal Revenue Service**

**10. COMPUTERS AS QUALIFIED EDUCATION EXPENSES IN 529 EDUCATION PLANS (SEC 1005)**

**Purpose:** *Provides for computers and computer technology to qualify as qualified education expenses.*

**General Information:**

(1) Section 529 Education Plans are tax-advantaged savings plans that cover all qualified education expenses, including: tuition, room & board, mandatory fees and books.

(2) Does not include expenses for computer software designed for entertainment purposes.

**Lead Implementer: Individual Taxpayer/Internal Revenue Service**

**11. FIRST-TIME HOME BUYER CREDIT (SEC 1006)**

**Purpose:** *Eliminates the repayment obligation for taxpayers that purchase homes after January 1, 2009 provided the home remains their main home for 36 months after the purchase date.*

**General Information:**

(1) In 2008, Congress provided taxpayers with a refundable tax credit that was equivalent to an interest-free loan equal to 10 percent of the purchase of a home (up to \$7,500) by first-time home buyers. The provision applies to homes purchased on or after April 9, 2008 and before July 1, 2009. Taxpayers receiving this tax credit are currently required to repay any amount received under this provision back to the government over 15 years in equal installments, or, if earlier, when the home is sold.

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(2) The credit phases out for taxpayers with adjusted gross income in excess of \$75,000 (\$150,000 in the case of a joint return).

(3) Increases the maximum value of the credit to \$8,000, and removes the prohibition on financing by mortgage revenue bonds, and extends the availability of the credit

for homes purchased before December 1, 2009.

(4) The provision would retain the credit recapture if the house is sold within three years of purchase.

**Lead Implementer: Individual Taxpayer/Internal Revenue Service**

**12. SALES TAX DEDUCTION FOR VEHICLE PURCHASES (SEC 1008)**

**Purpose:** *Provides all taxpayers with a deduction for State and local sales and excise taxes paid on the purchase of new cars, light truck, recreational vehicles, and motorcycles through 2009.*

**General Information:**

(1) This deduction is subject to a phase-out for taxpayers with adjusted gross income in excess of \$125,000 (\$250,000 in the case of a joint return).

(2) The deduction is limited to the tax on up to \$49,500 of the purchase price of an eligible motor vehicle

(3) Purchases before Feb. 17, 2009, are not eligible for this special deduction.

**Lead Implementer: Individual Taxpayer/ Internal Revenue Service**

**13. EXTENSION OF ALTERNATIVE MINIMUM TAX (AMT) RELIEF FOR 2009 (SEC 1011, SEC 11012)**

**Purpose:** *Extends AMT relief for nonrefundable personal credits.*

**General Information:**

(1) Increase the AMT exemption amount to \$70,950 for joint filers.

**Lead Implementer: Individual Taxpayer/Internal Revenue Service**

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**14. REMOVAL OF DOLLAR LIMITATIONS ON CERTAIN ENERGY CREDITS  
(SEC 1103)**

**Purpose:** *Allows for individuals to claim an uncapped thirty percent (30%) energy credit.*

**General Information:**

(1) Previously, individuals were allowed to claim a thirty percent (30%) tax credit for qualified solar water heating property (capped at \$2,000), qualified small wind energy property (capped at \$500 per kilowatt of capacity, up to \$4,000), and qualified geothermal heat pumps (capped at \$2,000).

**15. TAX CREDITS FOR ENERGY-EFFICIENT IMPROVEMENTS TO EXISTING HOMES (SEC 1122)**

**Purpose:** *Extends the tax credits for improvements to energy-efficient existing homes through 2010.*

**General Information:**

(1) Previously, individuals were allowed a tax credit equal to ten percent (10%) of the amount paid or incurred by the taxpayer for qualified energy efficiency improvements installed during the taxable year.

(2) The tax credit is capped at \$50 for any advanced main air circulating fan, \$150 for any qualified natural gas, propane, oil furnace or hot water boiler, and \$300 for any item of energy-efficient building property.

(3) For 2009 and 2010, the bill would increase the amount of the tax credit to thirty percent (30%) of the amount paid or incurred by the taxpayer for qualified energy efficiency improvements during the taxable year.

(4) The bill would also eliminate the property-by-property dollar caps on this tax credit and provide an aggregate \$1,500 cap on all property qualifying for the credit. The bill would update the energy-efficiency standards of the property qualifying for the credit.

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**16. TAX CREDITS FOR ALTERNATIVE REFUELING PROPERTY (SEC 1123)**

**Purpose:** *Increase the 30% alternative refueling property credit for individuals capped at \$1,000 to 50% (capped at \$2,000).*

**Lead Implementer:** Individual Taxpayer/Internal Revenue Service

**17. PLUG-IN ELECTRIC DRIVE VEHICLE CREDIT (SEC 1142)**

**Purpose:** *Modifies and increases a tax credit for each qualified plug-in electric drive vehicle placed in service during the taxable year.*

**General Information:**

- (1) The base amount of the credit is \$2,500
- (2) If the qualified vehicle draws propulsion from a battery with at least 5 kilowatt hours of capacity, the credit is increased by \$417, plus another \$417 for each kilowatt hour of battery capacity in excess of 5 kilowatt hours up to 16 kilowatt hours.
- (3) Taxpayers may claim the full amount of the allowable credit up to the end of the first calendar quarter in which the manufacturer records its 200,000th sale of a plug-in electric drive vehicle.
- (4) The credit is reduced in following calendar quarters.
- (5) The credit is allowed against the alternative minimum tax (AMT).
- (6) The bill restores and updates the electric vehicle credit for plug-in electric vehicles that would not otherwise qualify for the larger plug-in electric drive vehicle credit and provides a tax credit for plug-in electric drive conversion kits.

**Lead Implementer:** Individual Taxpayer/Internal Revenue Service

**18. Health Coverage Tax Credit Program HCTC) (Sec 1899)**

**Purpose:** *To increase the number of individuals who participate in the HCTC Program*

**General Information:**

- (1) Requires US Department of Treasury to conduct a biennial survey of eligible individuals

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- (2) Funds made available to a State or entity to provide an eligible individual or qualifying family members with health insurance coverage for the 3-month period that immediately precedes the first eligible coverage month in which such eligible individual is covered by qualified health insurance that meets the requirements.
- (3) The HCTC Program is in the process of reviewing the new law and the changes that have been made to the tax credit.
- (4) The newest information on the HCTC changes will be posted to the US Department of Treasury website as soon as it is available.

**Lead Implementer: Agency for Workforce Innovation/Individual Taxpayer/Internal Revenue Service**