

Bipartisan Growth Package Will Help Protect Our Nation's Economic Health

President Bush Signs Bipartisan Economic Growth Package Into Law To Provide A Booster Shot For Our Economy By Putting Money Back In The Hands Of American Workers And Businesses

Today, President Bush signed H.R. 5140, the Economic Stimulus Act of 2008. The U.S. economy is structurally sound for the long term, but growth has slowed. To address short-term economic uncertainties, the President last month called on Congress to pass an economic growth package that is robust, temporary, and puts money back into the hands of American workers and businesses. The President thanks members of both parties for passing good legislation that meets these criteria.

The bill the President signed today:

- Is large enough to have an impact, amounting to more than \$152 billion this year, or about one percent of GDP.
- Provides tax rebates to 128 million American households.
- Provides temporary tax incentives for businesses to invest in their companies and create jobs this year.

The Growth Package The President Signed Into Law Today Will Protect The Health Of Our Economy By Putting Money Back Into The Hands Of American Workers And Businesses

The Economic Stimulus Act will allow Americans to keep more of their money to stimulate consumer spending. The growth plan provides rebates to 128 million American households. Payments will go out through late spring and summer so we can get help to our economy when it is needed most. Under the legislation:

- **Individuals and families are eligible to receive up to \$600 for individuals and \$1,200 for couples.** A minimum of \$300 per person and \$600 per couple would be available to those with at least \$3,000 of earned income. This relief would be available to everyone with adjusted gross income less than \$75,000 for singles and \$150,000 for married couples filing jointly. It will be phased out for taxpayers above those income thresholds. Taxpayers may qualify by filing a tax return for 2007 and including a valid Social Security number on their tax return.
- **Everyone eligible for this relief would also receive an additional \$300 per child.** For example, this would mean up to \$1,800 of tax relief for an eligible couple with two children.
- **Recipients of Social Security and certain veterans' benefits are also eligible for rebates.** Those who receive at least \$3,000 from any combination of benefits from these programs will receive rebates. The IRS and Treasury Department will be working closely with the Department of Veterans Affairs and the Social Security Administration, along with beneficiary organizations, to ensure that all eligible individuals are able to receive their payments.

This legislation also offers incentives to spur business investment. The legislation would save businesses approximately \$50 billion in near-term taxes through a temporary change to the tax code that will allow American businesses that buy new equipment this year to deduct an additional 50 percent of the cost of their investment in 2008. This will encourage businesses to expand and create new jobs now because buying equipment, software, and tangible property this year will dramatically lower their taxes.

- **The legislation also increases expensing for small businesses.** This means that a business placing less than \$800,000 of equipment into service this year would be able to immediately deduct up to \$250,000 – up from \$128,000 – of its investment in 2008.

To Help Struggling Homeowners, The Administration Has Also Taken Important Steps To Shore Up The Housing Sector

Yesterday, the new Project Lifeline initiative was announced, which will help more Americans keep their homes by giving HOPE NOW servicers a new tool to reach out to seriously delinquent homeowners. Project Lifeline offers, where appropriate, to "pause" the foreclosure process for 30 days while other longer-term solutions are explored.

Secretaries Paulson and Jackson facilitated the private-sector HOPE NOW Alliance, which has developed multiple strategies to help distressed homeowners. HOPE NOW is a cooperative effort among mortgage counselors, servicers, investors, and lenders to maximize outreach efforts to struggling homeowners in distress and to help homeowners refinance into a new mortgage or receive a modification. HOPE NOW membership now covers over 90 percent of the subprime mortgage market. There is more work to do, and HOPE NOW will continue to add new resources to help homeowners, but a lot of progress has been made since the formation of HOPE NOW just over four months ago:

- In December, HOPE NOW members agreed on a set of industry-wide standards to bring systematic help to homeowners who may not be able to make higher mortgage payments after their subprime loan interest rate resets. HOPE NOW estimates that more than a million American homeowners could be eligible for this plan's assistance.
- In its first three months of existence, HOPE NOW servicers sent 775,000 letters to at-risk homeowners. Homeowners who had previously avoided contact are now calling for help, and more than 200,000 additional letters are being sent every month.
- All HOPE NOW servicers are contacting subprime borrowers 120 days before their interest rate resets.
- The nationwide hotline (888-995-HOPE) has been publicized and expanded. Daily call volume has increased to more than 4,000 calls a day.
- Servicers and investors are now providing funds for counseling; previously, funding was provided primarily by government and foundations.
- In the second half of 2007, HOPE NOW data shows the industry assisted an estimated 869,000 homeowners, and concurrent with the formation of HOPE NOW, the loan modification rate in the fourth quarter doubled over the rate in the third quarter.

In August, the President and his Administration launched a new initiative at the Federal Housing Administration (FHA) called *FHASecure*. *FHASecure* expands the FHA's ability to offer refinancing by giving it the flexibility to work with homeowners who have good credit histories but cannot afford their current payments. Just last week, HUD started sending out letters to more than 850,000 targeted homeowners, urging them to consider refinancing high cost subprime loans with FHA. Since *FHASecure* was announced, the program has received more than 200,000 applications and helped more than 90,000 families refinance their homes. Many more of these pending applications will be approved in the coming months, and FHA expects this program to help more than 300,000 families in total by the end of the year.

In December, President Bush signed the Mortgage Forgiveness Debt Relief Act of 2007, which will help Americans avoid foreclosure by protecting families from higher taxes when they refinance their home mortgages. This Act created a three-year window for homeowners to refinance their mortgage and pay no Federal taxes on any debt forgiveness they receive.

President Bush Continues To Call On Congress To Pass Much-Needed Housing Legislation

The President has called on Congress since August to complete work on responsible legislation modernizing the Federal Housing Administration (FHA). This bill will give FHA the necessary flexibility to help hundreds of thousands of additional families qualify for prime-rate financing.

Congress needs to pass legislation permitting State housing agencies to help troubled borrowers by issuing tax-exempt bonds for refinancing existing home loans. Under current law, housing agencies can issue tax-exempt bonds to finance new mortgages for first-time homebuyers, but States are unable to do the same for homeowners seeking to refinance. This legislation would also temporarily raise the issuance cap on mortgage revenue bonds.

Congress needs to pass legislation to reform the regulation of Government Sponsored Enterprises (GSEs) like Freddie Mac and Fannie Mae. GSEs provide liquidity to the mortgage market that benefits millions of homeowners, and it is vital that they operate safely and soundly. The President has called on Congress to pass legislation that strengthens independent regulation of the GSEs and ensures they focus on their important housing mission.

The President strongly believes that government assistance must be responsible – the wrong answer, such as a bailout for speculators and unscrupulous lenders, could actually prolong or worsen the problem.

To Ensure The Economy Continues To Grow Over The Long Term, We Must Continue To Pursue Pro-Growth Policies Like Keeping Taxes Low And Opening New Markets For American Exports

President Bush believes the most important action to ensure the long-term health of our economy is to make sure the tax relief that is now in place is made permanent. The 2001 and 2003 tax cuts are set to expire in less than three years. If Congress allows that to happen, 116 million taxpayers will see their taxes go up by \$1,800 on average, and we will see an end to many of the measures that have helped our economy grow – including the 10 percent individual income tax bracket, reductions in the marriage penalty, the expansion of the child tax credit, and reduced rates on regular income, capital gains, and dividends.

President Bush calls on Congress to open markets for American workers and entrepreneurs by approving free trade agreements with Colombia, Panama, and South Korea. Open markets contribute to America's prosperity – exports now account for a larger percentage of our GDP than at any other time in our history, meaning that trade is supporting economic growth. To help workers directly displaced by trade adjust to changes in our dynamic economy, Congress should also reauthorize and reform the Trade Adjustment Assistance program.