

## **TAX RELIEF AND INCENTIVES**

### **ALTERNATIVE FUEL VEHICLE REFUELING CREDIT**

**Description:** Temporarily increases the credit rate for alternative-fuel vehicle refueling property to 50%; increase to \$50,000 business property, \$2,000 non-business.

**Funding Mechanism:** Federal tax credit.

**Eligible Entities:** Businesses Individuals

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

### **ALTERNATIVE MINIMUM TAX RELIEF**

**Description:** Provides an extension of Alternative Minimum Tax Relief for 2009 that increases the alternative minimum tax exemption amount to \$70,950 for married couples filing jointly, to \$46,700 for single tax filers and to \$35,475 for married filers filing separately.

**Funding Mechanism:** Lower federal alternative minimum tax liability.

**Eligible Entities:** Individuals

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

### **AMERICAN OPPORTUNITY EDUCATION TAX CREDIT**

**Description:** Provides financial assistance for individuals seeking a college education. For 2009 and 2010, provides taxpayers with a new tax credit of up to \$2,500 for the cost of tuition and related expenses paid during the taxable year.

**Funding Mechanism:** Refundable/nonrefundable federal tax credit.

**Eligible Entities:** Individuals

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **BONUS DEPRECIATION EXTENSION**

**Description:** Extends to 2009 the temporary benefit provided by Congress last year allowing businesses to recover the costs of capital expenditures made in 2008 more quickly than the ordinary depreciation schedule. Extends first year 50% bonus depreciation. For 2009 water utility property, computer software, qualified leasehold property. Extends bonus depreciation through 2010 for transportation property.

**Funding Mechanism:** Lower federal tax liability.

**Eligible Entities:** Businesses

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **BUILD AMERICAN BONDS**

**Description:** For bonds issued in 2009 through 2011, issuers of bonds can elect to have an otherwise tax exempt bond treated as taxable government bond. Bond holders receive a 35% fed tax credit (in lieu of interest). For bonds issued in 2009 and 2010, special rule applies whereby in lieu of tax credit to holder, the issuer is allowed a credit equal to 35% of interest payment made.

**Funding Mechanism:** Federal outlay and federal tax credit.

**Eligible Entities:** Local Government State Government

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **CANCELLATION OF DEBT INCOME**

**Description:** Allows certain businesses to recognize the cancellation of debt income older than 10 years for specified types of business debt repurchased by the business after December 31, 2008 and before January 1, 2011.

**Funding Mechanism:** Lower federal tax liability

**Eligible Entities:** Businesses

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## CHILD CARE TAX CREDIT

**Description:** Increases the eligibility for the refundable portion of the child care credit. For 2008, the tax credit is refundable to the extent that 15% of the taxpayer's earned income is in excess of \$8,500. The new provision will reduce this floor to \$3,000 for 2009 and 2010.

**Funding Mechanism:** Refundable federal credit.

**Eligible Entities:** Individuals

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## CLEAN RENEWABLE ENERGY BONDS

**Description:** Authorizes additional clean renewable energy bonds to finance facilities that 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.

**Funding Mechanism:** Authorizes an additional \$1.6 billion in bonding, of which: 1/3 will be available for qualifying projects of state, local, and tribal governments, 1/3 for qualifying projects of public power providers and 1/3 for qualifying projects of electric cooperatives.

**Eligible Entities:** Businesses Individuals Local Government Other State Government Tribal Government

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## COMPUTERS AS QUALIFIED EDUCATION EXPENSE

**Description:** Computers and computer technology now qualify as qualified education expenses under Section 529 programs such as EdVest.

**Eligible Entities:** Individuals

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **DE MINIMUS SAFE HARBOR EXCEPTION**

**Description:** Tax-exempt interest paid on obligations issued in 2009 and 2010 held by financial institutions are not taken into account for purposes of determining the portion of the institution's interest expense disallowance rules.

**Eligible Entities:** Businesses

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **EARNED INCOME TAX CREDIT (EITC)**

**Description:** Increases the Earned Income Tax Credit for married families with 3 or more children for 2009 and 2010.

**Funding Mechanism:** Refundable federal and state credit.

**Eligible Entities:** Individuals

**Responsibility for Implementation:** Federal State

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **ENERGY INVESTMENT CREDIT (SEC 48)**

**Description:** Eliminates the \$4,000 cap for small wind energy property expenses for property placed in service by 2017.

**Funding Mechanism:** Federal tax credit.

**Eligible Entities:** Businesses

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **INVESTMENT CREDIT (SEC 45) ELECTION**

**Description:** In lieu of taking a credit for the production for electricity from alternative sources of energy at qualified facilities in 2009 and 2010, taxpayers may treat the facilities as energy property eligible for a 30% investment credit under sec. 48.

**Funding Mechanism:** Federal tax credit.

**Eligible Entities:** Businesses

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **LOSS LIMITATION FOR OWNERSHIP CHANGES**

**Description:** Creates an exception to the IRS Section 382 loss limitations for ownership changes due to restructuring required under a loan agreement entered into with Treasury under EESA of 2008 (intended for a rationalization of costs/capitalization and capacity with respect to a manufacturing workforce).

**Funding Mechanism:** Lower federal tax liability.

**Eligible Entities:** Businesses

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **MAKING WORK PAY TAX CREDIT**

**Description:** Provides a refundable tax credit for 2009 and 2010 of up to \$400 for working individuals and \$800 for working families. The tax credit phases out for individuals making \$100,000 per year and for couples making \$200,000 per year. 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.

**Funding Mechanism:** Reduced federal tax withholdings or federal tax credit.

**Eligible Entities:** Individuals

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **MANUFACTURING INVESTMENT TAX CREDIT - Advanced Energy Facilities**

**Description:** Allows a 30% credit for investments used to produce electricity from qualified energy resources (wind, biomass, geothermal, solar hydro), or for investments used to manufacture fuel cells, energy storage for electric/hybrid vehicles, electric grids for renewable energy or equipment for carbon capture

**Funding Mechanism:** Federal tax credit.

**Eligible Entities:** Businesses

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **NET OPERATING LOSS CARRYBACK**

**Description:** Extend the maximum net operating loss carry back period from two to five years for losses generated in 2008 for qualified small businesses with gross receipts \$15 million or less.

**Funding Mechanism:** Lower federal tax liability.

**Eligible Entities:** Businesses

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **NEW MARKETS TAX CREDITS**

**Description:** For qualified community development entities that serve low-income communities through investments and loans to businesses and residents of low-income communities. Provides additional allocations for 2008 and 2009. 2009 credits may offset alternative minimum tax

**Funding Mechanism:** Federal tax credit.

**Eligible Entities:** Businesses

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **PLUG-IN ELECTRIC VEHICLE CREDIT**

**Description:** Allows a \$2,500 tax credit for the first 200,000 plug-in electric vehicles. The credit is reduced after the 200,000th vehicle. Low speed vehicles qualify for new credit. Credit to offset alternative minimum tax for tax years beginning 2010.

**Funding Mechanism:** Federal tax credit.

**Eligible Entities:** Businesses Individuals  
**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service  
**Federal Web Site:** <http://www.irs.gov>

## **PRIVATE ACTIVITY BONDS**

**Description:** Interest on new tax-exempt private activity bonds issued in 2009 and 2010 are not treated as tax preference item for alternative minimum tax (applies to individuals and corporations).

**Funding Mechanism:** Lower alternative minimum tax liability.

**Eligible Entities:** Businesses Individuals  
**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service  
**Federal Web Site:** <http://www.irs.gov>

## **QUALIFIED ENERGY CONSERVATION BONDS**

**Description:** Authorizes an additional \$2.4 billion issuance for qualified energy conservation bonds to finance state, municipal and tribal government programs and initiatives designed to reduce greenhouse gas emissions. Funds raised from the sale of qualified energy conservation bonds may be used for programs in which utilities provide ratepayers with energy-efficient property and to implement energy efficiency and green community programs.

**Funding Mechanism:** Qualified energy conservation bonds may be issued to make loans and grants for capital expenditures related to eligible program activities.

**Eligible Entities:** Local Government State Government Tribal Government  
**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service  
**Federal Web Site:** <http://www.irs.gov>

## QUALIFIED ZONE ACADEMY BONDS

**Description:** Extends and expands qualified zone academy bonds (school construction). Authorizes issuance of \$1.4 billion for 2009 and 2010. Bond holders receive a federal tax credit (in place of interest on the bond).

**Funding Mechanism:** Federal outlay and federal tax credit.

**Eligible Entities:** Businesses Local Government Schools or School Districts State Government  
**Responsibility for Implementation:** Federal

**Federal Agency:** Education, Dept. of

**Federal Web Site:** <http://www.ed.gov/programs/qualifiedzone/index.html>

## RECOVERY ZONE BONDS - Economic Development Bonds

**Description:** Provides taxable Governmental Bonds that municipalities can use to spur development in areas with significant poverty, unemployment or home foreclosures. Bonds will be used for capital expenditures, public infrastructure, public facilities, job training and educational programs.

**Funding Mechanism:** \$10 billion total. Each state's share based on job loss formula. Allocation then sub-allocated to local municipalities based on job loss formula. Bonds must be issued in 2009 or 2010. Allocation amounts not yet available.

**Eligible Entities:** Local Government  
**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov/>

## RECOVERY ZONE BONDS - Facility Bonds

**Description:** New category of tax-exempt private activity bonds that can be used by qualified business for property located in a designated Recovery Zone.

**Funding Mechanism:** \$15 billion total. Allocation same as Recovery Zone Economic Development Bonds. Does not apply to regular volume cap allocation. Bonds must be issued in 2009 or 2010. Allocation amounts not yet available.

**Eligible Entities:** Local Government  
**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service



## REFUNDABLE CREDITS IN LIEU OF BONUS DEPRECIATION

**Description:** Businesses can claim additional refundable research or alternative minimum tax credits instead of taking the bonus depreciation. The new federal law will extend this temporary benefit through 2009.

**Funding Mechanism:** Federal tax credit.

**Eligible Entities:** Businesses

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## REFUNDABLE FIRST-TIME HOME BUYER CREDIT

**Description:** Increases the maximum first time homebuyer credit from \$7,500 to \$8,000 and removes repayment requirement after 36 months.

**Funding Mechanism:** Refundable federal credit.

**Eligible Entities:** Individuals

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## RENEWABLE ELECTRICITY PRODUCTION CREDIT (SEC 45)

**Description:** Extends tax credit to allow claims for eligible property placed in service between 2010 to 2013. Internal Revenue Code SEC 45.

**Funding Mechanism:** Federal tax credit.

**Eligible Entities:** Businesses

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **RESIDENTIAL ENERGY EFFICIENCY PROPERTY TAX CREDIT**

**Description:** Removes maximum credit cap for installation of residential wind, geothermal, solar thermal property (solar hot water property, geothermal heat pumps, wind energy property). Internal Revenue Code (SEC 25D).

**Funding Mechanism:** Federal tax credit.

**Eligible Entities:** Individuals

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

## **RESIDENTIAL ENERGY PROPERTY CREDIT**

**Description:** Increases the credit from 10% to 30% for nonbusiness energy property (up to a \$1,500 per residence cap). Applies to 2009 and 2010 tax years. Internal Revenue Code (SEC 25C)

**Funding Mechanism:** Federal tax credit.

**Eligible Entities:** Individuals

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **S-CORPORATION BUILT-IN GAINS HOLDING PERIOD**

**Description:** Reduces from ten to seven years the holding period for built-in gains after a C-corporation becomes an S-corporation for sales occurring in 2009 and 2010.

**Funding Mechanism:** Lower federal tax liability.

**Eligible Entities:** Businesses

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **SCHOOL CONSTRUCTION BONDS**

**Description:** Allows issuance of \$5 billion for school construction bonds-- 60% of allocation will go to states and 40% to large school districts. Each state is guaranteed 1.68% of states' share. Bond holders receive a federal tax credit (in place of interest on bond).

**Funding Mechanism:** Federal outlay and federal tax credit.

**Eligible Entities:** Businesses Local Government Schools or School Districts State Government  
**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **SMALL BUSINESS CAPITAL GAINS**

**Description:** Allow a 75% exclusion for individuals on the gain from the sale of certain small business stock held for more than five years. This change is for stock issued after the date of enactment and before January 1, 2011.

**Funding Mechanism:** Lower federal tax liability.

**Eligible Entities:** Businesses  
**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **SMALL BUSINESS EXPENSING**

**Description:** 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. These benefits are extended through 2009. Small businesses can write off up to \$250,000 in capital expenditures. Phase out of the deduction begins at \$800,000.

**Funding Mechanism:** Lower federal tax liability.

**Eligible Entities:** Businesses  
**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **TRANSPORTATION FRINGE BENEFITS**

**Description:** Increases income exclusion from \$120/month to \$230/month for employer-provided transit pass and vanpooling benefits for 2009 and 2010.

**Funding Mechanism:** Lower federal tax liability.

**Eligible Entities:** Individuals

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **TRIBAL ECONOMIC DEVELOPMENT BONDS**

**Description:** Authorizes tribal governments to issue tax-exempt bonds for projects without meeting the essential governmental function requirement. Bonds may not be used to finance any portion of a building in which Class II and Class III gaming is conducted, or any property used in the conduct of gaming. Also, the facilities must be located on the reservation.

**Funding Mechanism:** Provides up to \$2 billion total bonding authority nationwide. The bonds will be distributed in a manner deemed appropriate by the Secretary of the Treasury in consultation with the Secretary of the Interior.

**Eligible Entities:** Tribal Government

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

## **UNEMPLOYMENT BENEFITS TAXATION SUSPENSION**

**Description:** Excludes the first \$2,400 of unemployment compensation from gross income for tax purposes in 2009.

**Funding Mechanism:** Lower federal tax liability.

**Eligible Entities:** Individuals

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **VEHICLE PURCHASE SALES TAX DEDUCTION**

**Description:** Provides a federal income tax deduction of state and local sales tax paid on new car, light truck and SUV purchases

**Funding Mechanism:** Lower federal tax liability.

**Eligible Entities:** Individuals

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

## **WORK OPPORTUNITY TAX CREDIT**

**Description:** Under current law, businesses are allowed to claim a work opportunity tax credit equal to 40% of the first \$6,000 of wages paid to employees of one of nine targeted groups. The new law creates two new targeted groups of prospective employees: unemployed veterans and disconnected youth (16-25 years old).

**Funding Mechanism:** Federal tax credit.

**Eligible Entities:** Businesses

**Responsibility for Implementation:** Federal

**Federal Agency:** Internal Revenue Service

**Federal Web Site:** <http://www.irs.gov>

