

The American Recovery and Reinvestment Act

HOW-TO MANUAL

Volume II: Tax Relief



Prepared by the Office of Congressman Ron Klein, FL-22

Dear Friends,

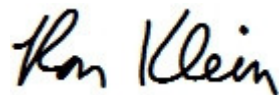
Last month, the President signed into law the American Recovery and Reinvestment Act (H.R. 1) to create jobs and get our economy back on track. **Tax cuts for working families and businesses are the single largest component of the economic recovery package.** 36% of the total package, or over \$288 billion, is dedicated to tax cuts that will put money in the hands of families and businesses to spread throughout the economy. This legislation will provide tax cuts to 95% of working families and thousands of businesses in our community. This is a smart investment that will create jobs and stimulate our economy.

Today, I am proud to share with you the second volume of my how-to manual on the *American Recovery and Reinvestment Act* (ARRA). This volume focuses on tax relief, and provides detailed lists of credits and rebates that may be available to you. The manual contains sections on small business tax relief, new tax credits for clean energy entrepreneurs creating the green jobs of the 21st century, and additional tax cuts for veterans, families and retirees.

I am committed to providing you with the latest, most up-to-date information on *the American Recovery and Reinvestment Act*, and I will continue to update this manual as more information becomes available.

As we work together to get our economy back on track, my office will continue to be a resource to you. Please do not hesitate to contact me at 561-544-6910 or at klein.economicrecovery@mail.house.gov if my office can be of assistance in any way.

Sincerely,



Ron Klein
Member of Congress
Florida's 22nd District

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Small Business Tax Relief



Extension of Bonus Depreciation

Businesses are allowed to recover the cost of capital expenditures over time according to a depreciation schedule. Last year, Congress temporarily allowed businesses to recover the costs of capital expenditures made in 2008 faster than the ordinary depreciation schedule would allow by permitting these businesses to immediately write-off 50% 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. The bill would extend this temporary benefit for capital expenditures incurred in 2009.

How to Apply: The extension of the first-year depreciation deduction is generally effective for property placed in service after December 31, 2008. This benefit can be claimed when filing for taxes. For more information, please see: <http://www.irs.gov/businesses/small/article/0,,id=137026,00.html>

Extension of Small Business Expensing

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.

Until the end of 2010, small business taxpayers are allowed to write-off up to \$125,000 of capital expenditures subject to a phase-out once capital expenditures exceed \$500,000. Last year, 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. The bill extends these temporary increases for capital expenditures incurred in 2009.

How to Apply: Small business can obtain this credit when filing their taxes.

5-Year Carryback of Net Operating Losses for Small Businesses

A net operating loss means the amount by which a taxpayer's business deductions exceed the gross income. Before ARRA passed, net operating losses could be carried back to the two taxable years before the year that the loss arises and carried forward to each of the succeeding twenty taxable years after the year that the loss arises. For 2008, ARRA would extend the maximum NOL carryback

period from two years to five years for small businesses with gross receipts of \$15 million or less.

How to Apply: This provision is effective for net operating losses arising in taxable years ending after December 31, 2007. The taxpayer can file for this benefit when filing for taxes.

Temporary Reduction of Small Business Corporation Built-In Gains Holding Period from 10 Years to 7 Years

Before passage of ARRA, if a taxable corporation converts into an S corporation, the conversion is not a taxable event. An S Corporation pays no corporate level tax. Instead, a loss of gain goes directly to their shareholders. When a company converts to an S corporation, they 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. ARRA temporarily reduces this holding period from ten years to seven years for sales occurring in 2009 and 2010.

How to Apply: This provision will go into effect for businesses for taxable year beginning after December 31, 2008.

Small Business Capital Gains

Allows a 75% exclusion for individuals on the gain from the sale of certain small business stock held for more than five years.

How to Apply: This provision is effective for stock issued after the date of enactment and before Jan. 1, 2011. Businesses can claim this credit when filing their taxes. To determine if your business qualifies, please visit:

<http://www.irs.gov/instructions/i1040sd/ch01.html#d0e649>

Delayed Recognition of Certain Cancellation of Debt Income

Under current law, a taxpayer generally has income where the taxpayer cancels or repurchases debt for an amount less than its adjusted issue price. The amount of cancellation of debt income ("CODI") is the excess of the old debt's adjusted issue price over the repurchase price. Certain businesses will be allowed to recognize 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.

How to Apply: Business can claim this when they file their taxes. For information on qualifications, visit www.treasury.gov

New Market Tax Credits

New Market Tax Credits are given to qualified equity investments made to acquire stock in a corporation or a capital interest in a partnership that is a qualified community development entity (CDE). Before passage of ARRA, there were \$3.5 billion of New Markets Tax Credits available for each of 2008 and 2009. The provision increases the available credits for 2008 to \$5 billion and the available credits for 2009 to \$5 billion.

How to Apply: This tax credit will go directly to state certified CDE's. For more information, please see <http://www.cdfifund.gov/>

Incentives to Hire Unemployed Veterans and Youth

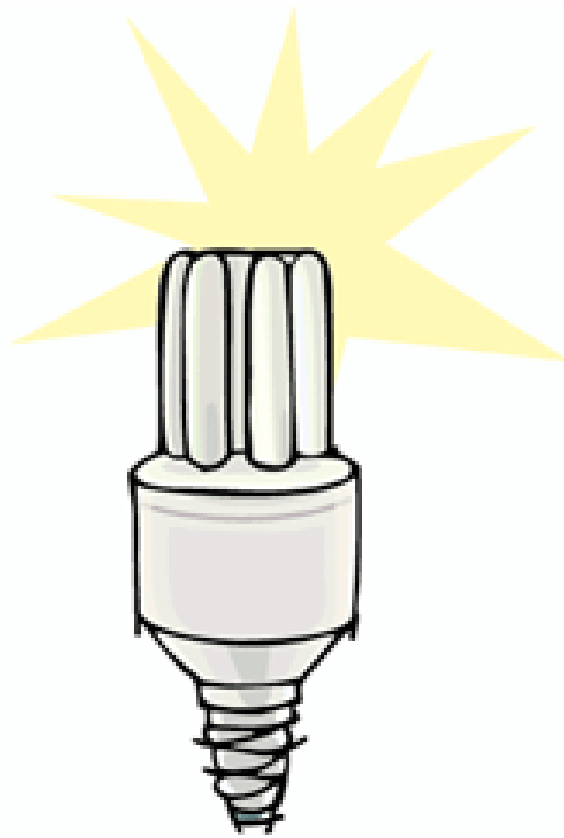
Before passage of ARRA, businesses were allowed to claim a work opportunity tax credit equal to 40% of the first \$6,000 of wages paid to certain employees, including families on food stamps, disabled veterans and individuals in vocational rehabilitation.

ARRA creates two new targeted groups of prospective employees:

- Unemployed veterans (any veteran who was 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)
- Disconnected youth (individuals between the ages of 16 and 25 who have not been regularly employed or attended school in the past 6 months)

How to Apply: The participating business will receive the work opportunity tax credit when taxes are filed with the IRS. Visit <http://www.irs.gov/pub/irs-pdf/p954.pdf>

A New Energy Economy



Advanced Energy Investment Credit

This provision establishes a new 30% investment tax credit for facilities engaged in the manufacture of advanced energy property. Credits are available only for projects certified by the Secretary of Treasury, in consultation with the Secretary of Energy, through a competitive bidding process. The Secretary of Treasury may allocate up to \$2.3 billion in credits. Advanced energy property includes:

- Property designed to be used to produce energy from the sun, wind, geothermal deposits, or other renewable resources
- Fuel cells, microturbines or an energy storage system for use with electric or hybrid-electric motor vehicles
- Property designed to capture and sequester carbon dioxide
- Property designed to refine or blend renewable fuels or to produce energy conservation technologies
- New qualified plug-in electric drive motor vehicles, qualified plug-in electric vehicles or components which are designed specifically for use with such vehicles, including electric motors, generators, and power control units
- Other advanced energy property designed to reduce greenhouse gas emissions, as may be determined by Treasury
- Electric grids to support the transmission of intermittent sources of renewable energy, including storage of energy

How to Apply: Please check www.treasury.gov for more information as the Advanced Energy Investment Credit is implemented

Long-term Extension and Modification of Renewable Energy Production Tax Credit

This proposal would extend the placed-in-service date for wind facilities for three years (through December 31, 2012). This proposal would also extend 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.

How to Apply: This proposal extends existing tax credits.

Temporary Election to Claim the Investment Tax Credit in Lieu of the Production Tax Credit

Before passage of ARRA, facilities that produce electricity from solar facilities were eligible to take a 30% *investment tax credit* in the year that the facility is placed in service. 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 were eligible for a *production tax credit*.

The production tax credit is payable over a ten-year period. Because of current market conditions, it is difficult for many renewable projects to find financing due to the uncertain future tax positions of potential investors in these projects. ARRA allows facilities to elect to claim the investment tax credit in lieu of the production tax credit.

How to Apply: The Treasury Department will issue a grant in an amount equal to 30% of the cost of the renewable energy facility within sixty days of the facility being placed in service or, if later, within sixty days of receiving an application for such grant.

Repeal Subsidized Energy Financing Limitation on the Investment Tax Credit

Before passage of ARRA, the investment tax credit had to 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. The provision in ARRA would repeal this 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.

How to Apply: Participants will find that the financing limitation for subsidized energy has been removed.

Removal of Dollar Limitations on Certain Energy Credits

Before passage of ARRA, businesses could claim a 30% tax credit for qualified small wind energy property (capped at \$4,000). Individuals were allowed to claim a 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). ARRA repeals the individual dollar caps. As a result, each of these properties would be eligible for an uncapped 30% credit.

How to Apply: Participants will be able to file for the tax credit on their tax return.

Tax Credits for Alternative Refueling Property

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. For 2009 and 2010, this provision would increase the 30% alternative refueling property credit for businesses (capped at \$30,000) to 50% (capped at \$50,000). Hydrogen refueling pumps would remain at a 30% credit percentage; however, the cap for hydrogen refueling pumps will be increased to \$200,000. In addition, this provision would increase the 30% alternative refueling property credit for individuals (capped at \$1,000) to 50% (capped at \$2,000).

How to Apply: Participants will be able to file for this tax credit on their tax return.

Plug-in Electric Drive Vehicle Credit

ARRA provides a \$2,500 tax credit for each qualified plug-in electric drive vehicle placed in service during the taxable year. 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. 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. The credit is reduced in following calendar quarters.

The credit is allowed against the alternative minimum tax (AMT).

ARRA also 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.

How to Apply: Participants will be able to file for the tax credit on their tax return. For more information, see:

http://www.energystar.gov/index.cfm?c=products.pr_tax_credits#s3

Clean Renewable Energy Bonds (“CREBs”)

This provision authorizes an additional \$1.6 billion of new 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.

This \$1.6 billion authorization will be subdivided into thirds: 1/3 will be available for qualifying projects of State and local governments; 1/3 for qualifying projects of public power providers; and 1/3 for qualifying projects of electric cooperatives.

How to Apply: Qualified participants will be able to utilize this bond program as it is developed. Check www.treasury.gov for additional information after this program is implemented. More information can be found at

http://apps1.eere.energy.gov/news/news_detail.cfm/news_id=12249

Tax Credits for Energy-Efficient Improvements to Existing Homes

This provision extends the tax credits for improvements to energy-efficient existing homes through 2010. Before passage of ARRA, individuals were allowed a tax credit equal to 10% of the amount paid or incurred by the taxpayer for qualified energy efficiency improvements installed during the taxable year. This tax credit was 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.

For 2009 and 2010, ARRA increases the amount of the tax credit to 30% of the amount paid or incurred by the taxpayer for qualified energy efficiency improvements during the taxable year. This provision also eliminates the

property-by-property dollar caps on this tax credit and provides an aggregate \$1,500 cap on all property qualifying for the credit. This provision would update the energy-efficiency standards of the property qualifying for the credit.

This tax credit only applies to the taxpayer's primary residence.

How to Apply: Participants will be able to file for the tax credit on their tax return. For more information, please see: http://energystar.custhelp.com/cgi-bin/energystar.cfg/php/enduser/std_adp.php?p_faqid=5576&p_created=1235138592&p_sid=utTY71sj&p_accessibility=0&p_redirect=&p_lva=&p_sp=cF9zcmNoPTEmcF9zb3JoX2J5PSZwX2dyaWRzb3JoPSZwX3Jvd19jbnQ9MjgsMjgmcF9wcm9kczozMtImcF9jYXRzPSZwX3B2PTEuMzEyJnBfY3Y9JnBfcGFnZTTox&p_l i=&p_topview=1 and http://www.energystar.gov/index.cfm?c=products.pr_tax_credits#s1

Qualified Energy Conservation Bonds

This provision authorizes an additional \$2.4 billion of qualified energy conservation bonds to finance State, municipal and tribal government programs and initiatives designed to reduce greenhouse gas emissions. This provision would also clarify that qualified energy conservation bonds may be issued to take loans and grants for capital expenditures to implement green community programs. This provision 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.

How to Apply: Qualified participants will be able to utilize this bond program as it is developed. Check www.treasury.gov for additional information after this program is implemented. More information can be found at http://apps1.eere.energy.gov/news/news_detail.cfm/news_id=12249

Addition of Permanent Sequestration Requirement to CO₂ Capture Tax Credit

Last year, 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. Facilities were required to capture at least 500,000 metric tons of carbon dioxide per year to qualify. ARRA 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.

How to Apply: New provision does not change the way participants file for the tax credit, just the qualifications to be able to apply for the tax credit.

Parity for Transit Benefits

Before passage of ARRA, employers could provide to their employees a tax-free fringe benefit for transit and parking. Those benefits were set at different dollar amounts. ARRA equalizes the tax-free benefit employers can provide for transit and parking. The provision 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.

How to Apply: Eligible participants will receive information on how to apply through their workplace as this program is implemented.

Improving Education



Computers as Qualified Education Expenses in 529 Education Plans

Plans are tax-advantaged savings plans that cover all qualified education expenses, including: tuition, room & board, mandatory fees and books. The bill provides that computers and computer technology qualify as qualified education expenses.

How to Apply: Families that use 529 Education Plans will now be able to withdraw funds from the 529 account, tax free, toward the purchase of computers or computer technology. For more information, visit Florida's 529 Plan website <http://www.myfloridaprepaid.com/index.asp>

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. There is a national limitation on the amount of qualified school construction bonds that may be issued by State and local governments of \$22 billion (\$11 billion allocated initially in 2009 and the remainder allocated in 2010).

How to Apply: The taxpayer holding qualified school construction bonds on a credit allowance date is entitled to a tax credit. The amount of the tax credit is determined by multiplying the bond's credit rate by the face amount on the holder's bond. The tax credit will be received when taxes are filed with the IRS. Visit www.irs.gov

Extension and Increase in Authorization for Qualified Zone Academy Bonds (QZABs)

The bill allows an additional \$1.4 billion of QZAB issuing authority to State and local governments in 2009 and 2010, which can be used to finance renovations, equipment purchases, developing course material, and training teachers and personnel at a qualified zone academy. In general, a qualified zone academy is any public school (or academic program within a public school) below college level that is located in an empowerment zone or enterprise community and is designed to cooperate with businesses, enhance the academic curriculum and

increase graduation and employment rates. QZABs are a form of tax credit bonds, which offer the holder a Federal tax credit instead of interest.

How to Apply: The taxpayer holding qualified school construction bonds on a credit allowance date is entitled to a tax credit. The amount of the tax credit is determined by multiplying the bond's credit rate by the face amount on the holder's bond. The tax credit will be received when taxes are filed with the IRS. Visit <http://www.irs.gov/publications/p954/aro2.html#doe3636>

Housing and Economic Development



Refundable First Time Home Buyer Tax Credit

There is an \$8,000 tax credit for first-time home buyers who purchase a home from Jan 1, 2009 to December 1, 2009. It also eliminates repayment obligations that are under current law unless the home is sold within three years of purchase. In that case, the credit would still be subject to the current-law recapture rules.

How to Apply: Eligible taxpayers can claim this credit when filing their taxes. For more information, please see:

<http://www.irs.gov/newsroom/article/0,,id=204672,00.html>

“Build America Bonds”

Provides State and local governments with a new tax credit bond option for infrastructure projects. For 2009 and 2010, States and local governments can elect to receive a direct payment from the Federal government equal to the subsidy that would have otherwise been delivered through the Federal tax credit.

How to Apply: Please check www.treasury.gov for more information as they implement this program.

Industrial Development Bonds (IDB)

Before passage of ARRA, certain manufacturing facilities were eligible for tax-exempt bond financing. 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. ARRA amends the definition of manufacturing facility to any facility used in the manufacturing, creation, or production of tangible or intangible property described in section 197(d)(1)(C)(iii). Intangible property is any patent, copyright, formula, process, design, pattern, expertise, format, or other similar item. ARRA also clarifies which physical components of a manufacturing facility qualify as "ancillary" and therefore are subjected to a 25% limitation in the amount of bond issuance used to build or re-construct those components.

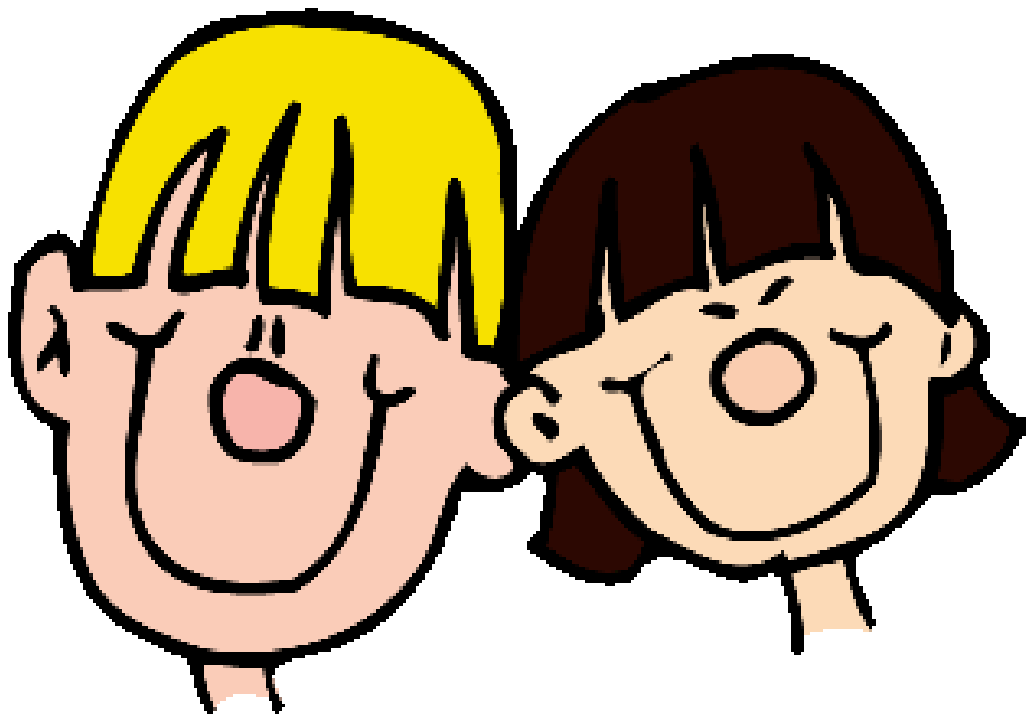
How to Apply: This provision takes effect adding to the definition for tax-exempt bonds.

Low Incoming Housing Grants in Lieu of Tax Credits

Under current law, taxpayers are allowed to claim a low-income housing tax credit for certain investments made in low-income housing. These tax credits help attract private capital to invest in the construction, acquisition, or rehabilitation of qualified low-income housing buildings. Current economic conditions have severely undermined the effectiveness of these tax credits. As a result, the bill would allow taxpayers to receive a grant from the Treasury Department in lieu of tax credits. Under this provision, state housing agencies would receive a grant equal to up to 85% of 40% of the state's low-income housing tax credit allocation in lieu of the low-income housing tax credits they would have received. The sub-awards are subject to the same requirements (including rent, income, and use restrictions on such buildings) as the low-income housing tax credit allocations.

How to Apply: Qualified housing agencies are eligible to apply. The grant program would apply to each state's 2009 low-income housing tax credit allocation.

Tax Relief for Families, Veterans and Retirees



“Making Work Pay” Tax Credit

For 2009 and 2010, the bill will provide a refundable tax credit of up to \$400 for working individuals and \$800 for working families.

How to Apply: Taxpayers will receive this benefit through a reduction in the amount of income tax withheld from their paychecks. Taxpayers should consult with their employer and visit www.irs.gov for more information. The IRS has asked employers to institute this tax cut no later than April 1.

For employers: New withholding tables are available at:
<http://www.irs.gov/pub/irs-pdf/n1036.pdf>

Refundable Credit for Certain Federal and State Pensioners

Individuals retired on a federal or state retirement program who don't receive Social Security benefits will claim a \$250 refundable credit on their 2009 returns. This one-time credit is a reduction to any allowable Making Work Pay credit.

How to Apply: For more information, please visit www.irs.gov

Alternative Minimum Tax Relief

This provision would provide more than 26 million families with tax relief in 2009 by extending AMT relief for nonrefundable personal credits and increasing the AMT exemption amount to \$70,950 for joint filers and \$46,700 for individuals.

How to Apply: This benefit will automatically go into effect without any action from the taxpayer.

Increase in Earned Income Tax Credit

Temporarily increases the earned income tax credit for working families with three or more children. Before passage of ARRA, working families with two or more children would qualify for an earned income tax credit equal to 40% of the

family's first \$12,570 of earned income. 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). ARRA increases the earned income tax credit to 45% of the family's first \$12,570 of earned income for families with three or more children and increases 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.

How to Apply: Taxpayers will receive this credit by claiming the credit on their tax returns. The provision is effective for taxable years beginning after December 31, 2008. For more information about the EITC, please see <http://www.irs.gov/individuals/article/o,,id=96406,00.html> and <http://www.eitc.irs.gov/ptoolkit/awarenessday/recoveryrebate/>

Sales Tax Deduction for Vehicle Purchases

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

How to Apply: Taxpayers can claim this deduction on their 2009 tax return. For more information, see: <http://www.irs.gov/newsroom/article/o,,id=204519,00.html>

Economic Recovery Payment to Recipients of Social Security, SSI, Railroad Retirement and Veterans Disability Compensation Benefits

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. The one-time payment is a reduction to any allowable Making Work Pay credit.

How to Apply: Individuals who may qualify for this year's economic recovery payment should contact their respective agency for more information. <http://www.socialsecurity.gov/payment/>
<http://www.va.gov/recovery/>

Health Insurance and Unemployment Assistance



Temporary Suspension of Taxation of Unemployment Benefits

Before passage of ARRA, all federal unemployment benefits were subject to taxation. The average unemployment benefit is approximately \$300 per month. ARRA temporarily suspends federal income tax on the first \$2,400 of unemployment benefits per recipient. Any unemployment benefits over \$2,400 is subject to federal income tax. This proposal is in effect for taxable year 2009.

How to Apply: The provision will take effect and suspends the withholding of federal income tax on unemployment benefits automatically.

Unemployment Benefits

Through December 31, 2009, this provision continues the Emergency Unemployment Compensation program, which provides up to 33 weeks of extended unemployment benefits to workers exhausting their regular benefits.

The bill increases unemployment weekly benefits by an additional \$25 through 2009.

How to Apply: Those receiving unemployment compensation will automatically receive this extension. For more information, please see:

<http://workforcesecurity.doleta.gov/unemploy/uifactsheet.asp>

Expansion of Trade Adjustment Assistance (TAA)

This provision expands current Trade Adjustment Assistance Programs. Among other things, it extends TAA to trade-affected services sector workers and workers affected by off-shoring or outsourcing to foreign countries, including China or India.

It increases training funds available to states by 160% to \$575 million per fiscal year, creates a new TAA program for trade-affected communities, allows for automatic TAA eligibility for workers suffering from import surges and unfair trade, makes training, healthcare and reemployment TAA benefits more accessible and flexible, and improves the TAA for Firms and TAA for Farmers programs.

Workers are eligible if they have been affected by emergencies or disasters that have been declared eligible for public assistance by the Federal Emergency Management Agency (FEMA)

How to Apply: TAA is administered through the Department of Labor Employment and Training Administration. For more information, visit <http://www.doleta.gov/tradeact>

COBRA (Consolidated Omnibus Budget Reconciliation Act)

To assist individuals in maintaining health coverage, the bill provides a 65% subsidy for COBRA continuation premiums for up to 9 months for workers who have been involuntarily terminated and for their families. This subsidy also applies to health care continuation coverage if required by states for small employers.

To qualify for premium assistance, a worker must be involuntarily terminated between September 1, 2008 and December 31, 2009. The subsidy would terminate upon offer of any new employer-sponsored health care coverage or Medicare eligibility. 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.

To ensure that this assistance is targeted at workers who are most in need, participants must attest that their same year income will not exceed \$125,000 for individuals and \$250,000 for families.

How to Apply: Current law requires employers to work with employees on how to access COBRA. Private health plans must also assist former employees in receiving this benefit. Additional information can be found at: <http://www.dol.gov/ebsa/cobra.html>

Federal Medical Assistance Percentage (FMAP)

The bill increases FMAP funding for a 27-month period beginning 10/1/2008 through 12/31/2010, with an across-the-board increase to all states of 6.2% and a similar increase for territories. A bonus structure (in addition to the

across-the-board increase) provides an additional decrease in State financial obligations for Medicaid based on increases in the State's unemployment rate. States will also be required to maintain effort on eligibility.

How to Apply: On February 23, 2009, Florida received over \$817 million in FMAP funding.

Extension of Moratoria on Medicaid Regulations.

The bill extends moratoria on Medicaid regulations for targeted case management, provider taxes, and school-based administration and transportation services through June 30, 2009. The bill also adds a moratorium on the Medicaid regulation for hospital outpatient services through June 30, 2009.

How to Apply: The moratoria will automatically go into effect.

Extension of the Qualified Individual Program

The bill extends the Qualified Individual program, which assists certain low-income individuals with Medicare Part B premiums, through December 31, 2010. The program helps Medicare beneficiaries who have a limited income but are not poor enough to qualify for Medicaid with financial assistance to help pay their Medicare premiums.

How to Apply: For more information, contact the State of Florida's office <http://www.floridashine.org/>

Prompt Payment Requirements for Nursing Facilities and Hospitals

The bill temporarily applies Medicaid prompt pay requirements to nursing facilities and hospitals.

How to Apply: This benefit will automatically be provided for nursing facilities and hospitals.