

U.S. DEPARTMENT OF THE TREASURY

Press Center



Treasury Highlights Recovery Act Impact

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Report Details Cumulative, State-by-State Data on Treasury's Recovery Act Programs, Including \$66.1 Billion in Tax Benefits to Date for Individuals, Families, Businesses

WASHINGTON – As part of an effort to highlight the success of the American Recovery and Reinvestment Act (Recovery Act) in revitalizing communities across the country, the U.S. Department of the Treasury today released a report providing state-by-state data on Treasury program funding. The report, issued around the 200 day anniversary of the Recovery Act, details funds provided to states, local communities, and families through a variety of programs, including the Making Work Pay Tax Credit, payments for renewable energy production, funds for affordable housing development, and Build America Bonds.

"In 200 days, the Recovery Act has made significant progress in revitalizing our communities and providing the basis for economic growth," said Treasury Deputy Secretary Neal Wolin. "Through innovative programs established by the Recovery Act, the Treasury Department has provided tax relief to millions of families, supported increased development of affordable housing and clean energy projects, and provided new tools for states and communities to fund much needed infrastructure projects."

Highlights of the impact from Treasury's Recovery Act programs during the first 200 days include:

- \$66.1 billion in estimated tax benefits provided to individuals, families, and businesses through the implementation of various tax provisions. The Making Work Pay credit has been a significant element of these provisions.
- \$502 million in payments made to promote renewable energy production throughout the country
- \$2.3 billion provided to 37 states to spur the development of affordable housing
- \$28.2 billion in Build America Bonds issuances to help 37 states finance a variety of public improvement projects

The report also provides information on the First Time Homebuyer's Tax Credit, the \$250 one-time stimulus payments, New Markets Tax Credits, Qualified School Construction Bonds, and Recovery Zone Bonds. The comprehensive report is available [here](#). Additional information on Treasury's Recovery Act programs follows:

Making Work Pay Tax Credit: In 2009 and 2010, the Making Work Pay provision of the American Recovery and Reinvestment Act provides a credit of up to \$400 for working individuals and up to \$800 for married taxpayers filing joint returns. The tax credit is calculated at a rate of 6.2 percent of earned income and will phase out for taxpayers with modified adjusted gross income in excess of \$75,000, or \$150,000 for married couples filing jointly.

Recovery Zone Bonds: Recovery Zone Economic Development Bonds are one type of taxable Build America Bond that allow state and local governments to obtain lower borrowing costs through a new direct federal payment subsidy, for 45 percent of the interest, to finance a broad range of qualified economic development projects, such as job training and educational programs. Recovery Zone Facility Bonds are a type of traditional tax-exempt private activity bond that may be used by private businesses in designated recovery zones to finance a broad range of depreciable capital projects. Both of these are allocated directly to counties and large municipalities

Qualified School Construction Bonds: Investors who buy these bonds receive tax credits worth 100 percent of the interest, allowing state and local governments to obtain financing without having to pay any interest. States may directly issue the bonds on behalf of eligible schools or provide school districts with the authority to issue the bonds within the state.

Qualified Energy Conservation Bonds: These bonds are authorized under an expanded tax credit bond program of the Recovery Act of 2009 for states and large local governments based on population data. The bonds are tax credit bonds that provide a federal subsidy for repair and rehabilitation of public schools and related authorized purposes through a federal tax credit to investors intended to cover 70 percent of the interest on the bonds.

Build America Bonds: Under the Build America Bonds program, Treasury makes a direct payment to the state or local governmental issuer in an amount equal to 35 percent of the interest payment on the Build America Bonds. Potential investors include pension funds that

traditionally do not hold tax exempt bonds and foreign investors. These investors have been important additions to the market for municipal debt.

One-time \$250 Payments: Treasury's Financial Management Service, in coordination with the Social Security Administration, the Railroad Retirement Board, and the Department of Veterans Affairs, have issued more than 54 million Economic Recovery payments to beneficiaries totaling more than \$13 billion.

Community Development Financial Institutions: The CDFI Fund makes monetary awards (grants, loans and other investments) on a competitive basis to certified CDFIs. A CDFI is a specialized financial institution that works in low-income communities or serves individuals or businesses that lack access to mainstream financial institutions. Among many financial services, CDFIs provide capital to small businesses and micro-enterprises; mortgage loans to first-time homebuyers; financing to support the development of affordable housing projects and community facilities; and retail banking services to the unbanked.

New Markets Tax Credit: With the increased investment authority made available through the Recovery Act, this program incentivizes private-sector capital investment in distressed communities across the country to create jobs, stimulate economic growth, and jumpstart the lending necessary for financial stability. The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a seven-year period.

Affordable Housing Payments: Under this program, state housing agencies that apply receive funds to finance the construction or refurbishment of qualified affordable housing developments. Applicants agree to forgo tax credits down the line in favor of an immediate payment. Through this program, the Treasury Department works with state housing agencies to jump start the development or renovation of qualified affordable housing across the country.

Renewable Energy Payments: The Recovery Act authorized Treasury to make direct payments to companies that create and place in service renewable energy facilities. Previously, these companies could file for a tax credit to cover a portion of the renewable energy project's cost. Under the new program, applicants would agree to forgo tax credits down the line in favor of an immediate payment.

First Time Homebuyer's Tax Credit: Taxpayers who qualify for the first-time homebuyer credit and purchase a home this year before December 1 have a special option available for claiming the tax credit either on their 2008 tax returns or on their 2009 tax returns next year. The maximum credit is \$8,000.

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REPORTS

- [Treasury Recovery Act Programs Report](#) 