Tax Guide to the American Recovery and Reinvestment Act of 2009

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Prepared by the Office of

Senator Christopher J. Dodd

A Note from Senator Dodd

Dear Friends,

As you know, President Obama recently signed a historic $787 billion economic recovery package, of which $287 billion was comprised of tax breaks for individuals, businesses, community development projects, and renewable energy production. For Connecticut, it couldn't come at a more critical moment. Unemployment is now more than 7 percent. Home prices are declining. As if that wasn't challenging enough, economists are predicting Connecticut's economy will take longer to recover than the rest of the country.

That's why we've assembled this ***Tax Guide to the American Recovery and Reinvestment Act of 2009***, which compiles information on many federal tax benefits that Connecticut individuals and businesses may qualify for.

These tax breaks will provide financial relief to millions of Connecticut residents struggling to make ends meet: 1.4 million Connecticut residents will benefit from the "Making Work Pay" tax credit, more than 640,000 recipients of Social Security will receive additional support this year, and 627,000 individuals will be exempted from paying the Alternative Minimum Tax (AMT), a tax they were never intended to pay, in 2008 and 2009. In addition, there are valuable tax incentives to increase the supply of affordable housing and encourage the development of renewable energy facilities. While there are a few provisions, like the tax treatment of losses for small businesses, that will have an impact on 2008 tax returns, many if not most of these tax benefits will **NOT** affect taxpayers when they file their 2008 returns. If you have any specific questions about these benefits, I suggest you contact the Internal Revenue Service (IRS) after the 2008 filing season is finished, when more information will be available. Currently, the IRS has a general information page which discusses the tax portion of the stimulus bill which can be found at http://www.irs.gov/newsroom/article/0,,id=204335,00.html. This information will be updated regularly. **It is critical that our families, businesses, and municipalities have information about the tax benefits they qualify for**.

I hope you'll find this information helpful. If you have any questions at all, please don't hesitate to call my office at (860) 258-6940 or email questions to **recovery@dodd.senate.gov**. I also encourage you to visit www.recovery.gov for more information. I'm confident we can ensure Connecticut comes out of this crisis stronger and better prepared to meet the challenges that await us.

Senator Christopher J. Dodd

March, 2009

Tax Guide to the American Recovery and Reinvestment Act of 2009

Individual Tax Benefits

The following information about individual tax cuts authorized in the American Recovery and Reinvestment Act (ARRA) of 2009 was compiled by the Office of Senator Christopher J. Dodd. This document is intended to provide the public with basic information about the tax provisions available to individuals and is not a substitute for the advice of a tax professional or the Internal Revenue Service. Those interested in how these tax cuts will directly affect them, including whether they are eligible and the amount of the actual credit or deduction they will receive, should contact the Internal Revenue Service or their tax professional. Please note: Not all individual tax provisions passed as part of the ARRA are included in this document; the following information is subject to change; and additional eligibility requirements, restrictions and guidance may apply.

"Making Work Pay" Tax Credit

Type of Benefit:	Tax Credit
Applicable Year:	2009 and 2010
Description:	This tax credit provides a tax credit equal to the lesser of 6.2% of earned income or $400 ($800 for joint returns) per year for working Americans.
How to Claim:	For employees who receive a paycheck and have their employer withhold taxes, this tax credit will <u>automatically</u> reduce the amount of income tax withheld on their paycheck, meaning you get to keep more of the money you earn. This change will begin in April 2009 and continue through the end of 2010. It is not necessary to submit a Form W-4 to get the automatic withholding change. The 2010 credit will be reflected as approximately $8 per week of additional income for eligible workers receiving the full credit amount. The 2009 credit which is distributed over a shorter time period (April-Dec. 2009) than the 2010 credit will be slightly larger than $8/week. Taxpayers who do not have taxes withheld by an employer during the year can also claim the credit on their 2009 and 2010 tax returns. For employers, the Treasury department has issued revised income tax withholding schedules which can be downloaded at http://www.irs.gov/newsroom/article/0,,id=204447,00.html. This credit will benefit 1.4 million Connecticut workers and their families.
Eligibility:	This credit can be claimed by those making $75,000 or $150,000 if filing a joint return. For income levels above this amount, the credit phases out.

Social Security Economic Recovery Payment

Type of Benefit:	One Time Payment
Applicable Year:	2009
Description:	A one-time payment of $250 to Social Security beneficiaries, railroad retirees and veterans receiving benefits from the Department of Veterans Affairs. A check or direct deposit should arrive in May 2009. This will benefit 642,000 Connecticut residents.
How to Claim:	The transfer will either arrive as a check or for beneficiaries receiving direct deposit; the money will be deposited automatically in their bank account. Checks will be mailed and direct deposits made in May 2009. Current recipients don't need to do anything to receive these funds. If you have any questions, please contact the Social Security Administration at 1-800-772-1213 or go to their website http://www.ssa.gov/payment/.
Eligibility:	You are eligible if you are a current recipient of SSI or Social Security Benefits.

Increased Earned Income Tax Credit (EITC)

Type of Benefit:	Tax Credit
Applicable Year:	2009 and 2010 Tax Years

Description:	The EITC is a refundable tax credit available to eligible workers earning relatively low wages. Under current law there are two categories of EITC recipients: childless adults and families with children. Eligibility for and the size of the EITC is based on income, age, and the presence and number of qualifying children. A taxpayer with more than one qualifying child can claim a credit of 40% of earnings up to $12,750 for a maximum credit amount of $5,028. The ARRA increases the credit percentage from 40% to 45% for families with three or more children, increasing the maximum credit amount by $628.50 to $5,656.50.
How to Claim:	You claim this credit on your 2009 and 2010 income tax return. Since the credit is refundable, an EITC recipient need not owe taxes to receive the EITC, but they must file a tax return to receive the EITC.
Eligibility:	Due to the specificity of the criteria, please see the IRS's EITC assistant at http://www.irs.gov/individuals/article/0,,id=130102,00.html .

Child Tax Credit (CTC) Expansion

Type of Benefit:	Tax Credit
Applicable Year:	2009 and 2010 Tax Years
Description:	Before the ARRA, the Child Tax Credit (CTC) provided a non-refundable federal income tax credit of up to $1,000 per child under 17 intended to offset the costs of raising a child. The ARRA not only makes the credit partially refundable, but it also temporarily expands eligibility for the CTC by making the credit available to tax filers with at least $3,000 of earnings. The tax credit phases out for those with incomes over 75,000 for an individual, $110,000 married joint filers, and $55,000 married single filers. Approximately 116,000 more children in Connecticut will receive a larger child tax credit than they otherwise would have in tax years 2009 and 2010.
How to Claim:	You claim this credit on your 2009 and 2010 income tax return. Note that since this tax credit is now partially refundable, it can be claimed by individuals with no tax liability as long as they file a tax return.
Eligibility:	Due to the specific eligibility criteria and definition of an eligible child, please refer to the IRS website http://www.irs.gov/taxtopics/tc606.html. Since this tax credit applies for 2009 and 2010 income tax returns, details of specific eligibility requirements are currently unavailable.

Tax Treatment of Unemployment Insurance

Type of Benefit:	Tax Exemption
Applicable Year:	2009 Tax Year
Description:	Under present law an individual must include in their gross income any unemployment compensation benefits received. The ARRA changes this so that up to $2,400 of unemployment compensation benefits received in 2009 are excluded from gross income of the recipient. This provision is hence effective for 2009 tax returns.
How to Claim:	You claim this exemption on your 2009 income tax return.

Equalization of Commuter Benefits

Type of Benefit:	Tax Free Benefit Provided By Employers
Applicable Year:	2009 and 2010
Description:	Previously $230 per month of employer provided parking benefits and $120 per month of employer provided transit benefits were excludable from income. This provision provides parity to encourage use of public transit by raising the monthly tax free transit benefit amount to $230, and like the parking benefit, indexing this amount for inflation.

How to Claim:	This benefit is provided by the employer.

American Opportunity Tax Credit

Type of Benefit:	Tax Credit
Applicable Year:	2009 and 2010 Tax Years
Description:	Under previous law, taxpayers with eligible students were able to claim a non-refundable tax credit, called the "HOPE Credit" of up to $1,800 for tuition and related expenses for the first 2 years of a higher education degree program. This HOPE credit is replaced for tax years 2009 and 2010 with an enhanced "American Opportunity" tax credit which can reduce income tax liability by up to $2,500 and is partially refundable. It can be claimed for qualifying education expenses for four years. And this credit expands the list of qualified education expenses to include required course materials. This 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). Current recipients of the Hope Credit will likely see the amount they can claim increase. It is estimated that 30,000 new families in Connecticut will be able to utilize this credit due to its partial refundability.
How to Claim:	You claim this credit on your 2009 and 2010 income tax return. Note that since this tax credit is now partially refundable, it can be claimed by individuals with no tax liability as long as they file a tax return.
Eligibility:	Due to the specific requirements and the list of eligible expenses that qualify under the credit, please refer to the IRS website www.irs.gov. Since this tax credit applies to 2009 and 2010 income tax returns, more detailed eligibility requirements are currently unavailable.

Homebuyer Credit

Type of Benefit:	Tax Credit
Applicable Year:	2009
Description:	This provision provides a refundable tax credit of up to $8,000 for a first time home buyer who purchases a primary residence in 2009 before December 1, 2009. This provision is NOT retroactive to purchases made in 2008. Since this tax credit is “refundable” if any credit amount remains unused in reducing income tax liability, then the unused amount will be refunded as a check to the purchaser. A "first time homebuyer" is an individual who had not owned a principal residence in the three years prior to the purchase of their home in 2009. If a homebuyer buys a property in 2009 and sells it in less than 3 years, they will have to repay the amount of the credit to the IRS.
How to Claim:	You claim this credit on your 2008 or 2009 income tax return as long as the purchase is made in 2009 before December 1, 2009.

Qualified Motor Vehicle Deduction

Type of Benefit:	Deduction
Applicable Year:	2009 Tax Year
Description:	In order to incentivize the purchase of new cars, taxpayers who do NOT itemize their deductions will be able to deduct from their gross income any state or local sales or excise tax imposed on the purchase of a new car whose purchase price was less than $49,500. This deduction will only apply to new car purchases made between February 17, 2009 and Dec, 31, 2009 and will phase out for taxpayers with incomes above $125,000 ($250,000 for joint filers). Note that under previous law, taxpayers who do itemize their deductions are allowed to deduct State and local sales tax paid

	on goods including autos in lieu of deducting State and local income taxes. This provision does not change this deduction for itemizers, instead its goal is to provide a benefit to "non-itemizers."
How to Claim:	On an income tax return, this "above the line" tax deduction will reduce adjusted gross income for taxpayers who DO NOT itemize deductions.
Eligibility:	You claim this deduction on your 2009 income tax return. Purchases eligible for the deduction must have been made between the date of enactment (Feb. 17, 2009) and Dec. 31, 2009. The deduction applies to the sales or excise taxes paid on "qualified motor vehicles" which includes new cars, light trucks, or motorcycles weighing less than 8,500 pounds or a motor vehicle home.

Alternative Minimum Tax (AMT) Patch

Type of Benefit:	Exemption
Applicable Year:	2009 Tax Year
Description:	The Alternative Minimum Tax (AMT) was originally developed to ensure that everyone paid at least a minimum of taxes by developing a parallel tax system where fewer credits and deductions could be taken. The taxpayer pays whichever is greater, their regular income tax liability or their AMT tax liability. However, since the income amounts used to determine whether you might be eligible to pay the AMT were never indexed for inflation, this tax has engulfed more and more of the middle class, especially in high cost of living states like Connecticut. Congress generally addresses this issue by raising the exemption amount on a yearly basis, known as the "AMT patch." This "patch" exempts up to $46,700 of an individual's income and $70,950 of a couple's income from the AMT in 2009 and allows the use of nonrefundable personal credits to avoid the AMT. This patch will protect approximately 617,000 Connecticut residents from the AMT in 2009.
How to Claim:	These higher eligibility thresholds will be reflected on the 2009 income tax return
Eligibility:	To see whether you might have to pay the AMT in 2008, please go to the IRS AMT Assistant (the 2008 AMT assistant is now available) at http://apps.irs.gov/app/amt2008/ .

Community Development Tax Incentives

The following information about community development tax incentives provided in the American Recovery and Reinvestment Act (ARRA) of 2009 was compiled by the Office of Senator Christopher J. Dodd. This document is intended to provide the public with basic information about the tax provisions available to encourage community development, and is not a substitute for the advice of a tax professional or the Internal Revenue Service. Those interested in how these tax cuts will directly benefit their communities should contact the Connecticut Housing Finance Agency. Please note: Not all community development tax provisions as passed as part of the ARRA are included in this document; the following information is subject to change; and additional eligibility requirements, restrictions and guidance may apply.

Low Income Housing Tax Credit (LIHTC)

Type of Benefit:	Tax Credit That the State Housing Agency Can Allocate to Developers
Description:	The LIHTC is used to encourage an increase in the supply of affordable housing. The ARRA includes a provision whereby the Connecticut Housing Finance Agency (CHFA) can receive a portion of their unused and returned 2008 allocated credits and a portion of their 2009 allocated credits (direct and from the national pool) as grants from the Treasury. The grants are intended to assist the LIHTC program which has been negatively impacted by the reduced demand from large investors and the drop in market value of the credits. The grants are not taxable income to the recipient. It is estimated that a total of $3 billion dollars nationally in grants will be allocated. If a state decides to exchange credits for grants then their 2009 credit allocation is reduced by the grant amount. The ARRA also provided $2 billion in grants that states may use to augment the LIHTC to restart projects that are shovel-ready but stalled due to the financial crisis. In 2008, the State of Connecticut used its $7.8 million in federal Low Income Housing Tax Credits to help rehabilitate or create nearly 400 units of affordable housing. For more information about the LIHTC in Connecticut you can check the CHFA website at http://www.chfa.org/MainPages/default.asp or call them at 1-(860) 571-4237.
How to Claim:	Developers can apply for credits with the Connecticut Housing Finance Agency.

New Markets Tax Credit (NMTC)

Type of Benefit:	Tax Credits that the U.S. Treasury Competitively Awards to Projects
Description:	The New Markets Tax Credit provides a non-refundable tax credit to individuals and corporations who invest in low-income communities. The credit is equal to 5 percent of the investment amount in each of the first three years following the initial investment, and 6 percent in years four through seven. The amount of investment that qualifies for this credit is capped. The ARRA would increase the amount of allowable tax-preferred investment by $1.5 billion to $5 billion in calendar years 2008 and 2009. Applicants for the credit who had not received grants in 2008 would be reconsidered for the additional $1.5 billion worth of credits. In 2007, the New Markets program provided $77 million in tax credits for economic development in Connecticut communities.
How to Claim:	Organizations interested in using this resource or those with questions should contact the Community Development Finance Institutions Fund at the U.S. Treasury http://www.cdfifund.gov/ or call (202) 622-6355 or email cdfihelp@cdfi.treas.gov

Renewable Energy Tax Incentives

The following information about renewable energy tax incentives provided in the American Recovery and Reinvestment Act (ARRA) of 2009 was compiled by the Office of Senator Christopher J. Dodd. This document is intended to provide the public with basic information about the tax provisions available to encourage the production and use of renewable energy, and is not a substitute for the advice of a tax professional or the Internal Revenue Service. Those interested in how these tax cuts will directly benefit the development of renewable energy, should contact the IRS, the Department of Energy (http://www.energy.gov/taxbreaks.htm) or the Energy Star Website at http://www.energystar.gov/index.cfm?c=products.pr_tax_credits. Please note: Not all renewable energy tax provisions as passed as part of the ARRA are included in this document; the following information is subject to change; and additional eligibility requirements, restrictions and guidance may apply.

Renewable Energy Production Tax Credit

Type of Benefit:	Tax Credit
Description:	Generally, a company that generates electricity from renewable sources, like wind, solar or biomass, can claim a tax credit for this production. The amount of the credit varies year to year, but was between 1.0-2.1 cents per kilowatt hour in 2008, depending on the source of electricity production. The credit can first be claimed the year that a facility starts producing electricity, (called the "placed in service date") and for a period of 5-10 years thereafter (depending on the renewable energy source used). In order to encourage further development of renewable energy, the ARRA extended the placed in service date for qualified facilities till 2013 (2012 for wind).
How to Claim:	In general, in order to claim the credit, a taxpayer must own the qualified facility and sell the electricity produced by the facility to an unrelated party.
Eligibility:	Qualified energy resources comprise wind, closed-loop biomass, open-loop biomass, geothermal energy, solar energy, small irrigation power, municipal solid waste, qualified hydropower production, and marine and hydrokinetic renewable energy. To be eligible for the credit, electricity produced from qualified energy resources at qualified facilities must be sold by the taxpayer to an unrelated party.

Investment Credit in lieu of Production Credit

Type of Benefit:	Tax Credit
Description:	Under current law, only facilities that produce electricity from solar facilities are eligible to take a 30 percent investment credit in the year that the facility is placed in service. However, because of current market conditions, it is difficult for many renewable projects not associated with solar facilities to obtain financing. While these non-solar facilities are eligible for the production tax credit, this tax credit can only be claimed once a facility is up and running and then over a ten year period. The ARRA allows companies that produce electricity from renewable sources aside from solar, like wind, geothermal and biomass, to also claim the investment tax credit. This will make it possible for renewable energy facilities to receive assistance earlier by providing credits before the facilities are fully operational.
How to Claim:	In general, in order to claim the credit, a company must own the qualified facility and sell the electricity produced by the facility to an unrelated party.
Eligibility:	Generally, facilities are eligible if placed in service through 2013 (through 2012 for wind facilities). Qualified energy resources comprise wind, closed-loop biomass, open-loop biomass, geothermal energy, solar energy, small irrigation power, municipal solid waste, qualified hydropower production, and marine and hydrokinetic renewable energy. To be eligible for the credit, electricity produced from qualified energy

	resources at qualified facilities must be sold by the taxpayer to an unrelated party.

Grants for specified energy property in lieu of tax credits

Type of Benefit:	Grant
Description:	This provision authorizes the Secretary of Energy to provide a grant to each company or taxpayer that would be eligible to claim a production tax credit or investment tax credit if their energy property begins operations during 2009 or 2010. Grant funds will allow companies who are not yet profitable to continue investing in renewable energy development.
Eligibility:	In order to be eligible for this grant, the facility must be currently eligible for a credit and must be placed in service during 2009 or 2010, or must have begun construction during those years and be completed prior to 2013 (in the case of wind facility property), or 2014 (in the case of other eligible renewable power facilities).

Extension & Modification of Credits for Non-Business Energy Property

Type of Benefit:	Tax Credit
Applicable Year:	2009 and 2010 Tax Years
Description:	Under previous law, homeowners could claim a credit of 10 percent of the cost of energy efficiency improvements to existing homes that meet certain standards of efficiency. Under the ARRA, the credit rate homeowners are allowed to take on energy efficiency rises to 30 percent. The aggregate cap for credits is simplified and raised to $1,500.
How to Claim:	You claim this credit on your 2009 and 2010 tax return.

Credit for residential energy efficient property

Type of Benefit:	Tax Credit
Applicable Year:	2009-2016 tax years. The credit applies to property placed in service after December 31, 2008 and prior to January 1, 2017.
Description:	Previously, homeowners could claim a tax credit equal to 30 percent of qualifying expenditures on energy efficiency home improvements (with a maximum credit of $2,000 for qualified solar water heating property). There was no cap with respect to qualified solar electric property. This provision expands and extends the personal tax credit for the purchase of qualified solar electric property and qualified solar water heating property that is used exclusively for purposes other than heating swimming pools and hot tubs. This provision eliminates the credit caps for solar hot water, geothermal, and wind property and eliminates the reduction in credits for property using subsidized energy financing.

Temporary increase in credit for alternative fuel vehicle refueling property

Type of Benefit:	Tax Credit
Description:	Under previous law, a tax credit could be claimed for the cost of installing qualified clean-fuel vehicle refueling property used in a trade or business. Under the ARRA, the business credit for alternative refueling property is increased from 30 percent to 50 percent up to $50,000 except for hydrogen refueling property. (The maximum credit available for qualified hydrogen refueling property is $200,000).
Eligibility:	The credit is available for property placed in service after December 31, 2005, and

	(except in the case of hydrogen refueling property) before January 1, 2011. In the case of ahydrogen refueling property, the property must be placed in service before January 1, 2015.

Plug-in electric drive motor vehicle credit

Type of Benefit:	Tax Credit
Effective Date:	Generally, this provision is effective for vehicles purchased between 2010 and 2013 and can be claimed on these respective income tax returns. The credit for plug-in vehicle conversion is effective for property placed in service after December 31, 2008 through the end of 2011.
Description:	Under the ARRA, consumers will be eligible for a tax credit up to $7,500 if they buy a new qualifying plug-in electric vehicle. In general, the credit amount varies depending upon the type of technology used, the weight class of the vehicle, and the amount by which the vehicle exceeds certain fuel economy standards. The law also creates a new 10-percent credit, up to $4,000, for the cost of converting any motor vehicle into a qualified plug-in electric drive motor vehicle as long as it meets certain efficiency standards.

Business Tax Benefits

The following information about business tax benefits authorized in the American Recovery and Reinvestment Act (ARRA) of 2009 was compiled by the Office of Senator Christopher J. Dodd. This document is intended to provide the public with basic information about the tax provisions available to businesses, and is not a substitute for the advice of a tax professional or the Internal Revenue Service. Those interested in how these tax cuts will directly benefit their business, including whether they are eligible and the amount of the actual credit or deduction they will receive, should contact the Internal Revenue Service or their tax professional. Please note: Not all business tax provisions as passed as part of the ARRA are included in this document; the following information is subject to change; and additional eligibility requirements, restrictions and guidance may apply.

Net Operating Loss Carryback for Small Businesses

Type of Benefit:	Tax Refund
Effective Date:	For losses incurred in 2008.
Description:	A net operating loss (NOL) is incurred when a business has negative taxable income. An NOL can be used to obtain a refund for taxes paid in the past. The process of using an NOL to refund previously paid taxes is known as an NOL carryback. Previously losses could be assessed against the previous two years of paid taxes in determining a refund. Under the ARRA qualifying small businesses (generally those with annual receipts under $15 million) can assess NOL for 2008 against taxes paid in the last 5 years to determine their tax refund.

Temporary Increase in Small Business Expensing Limits

Type of Benefit:	Tax Deduction
Effective Date:	2009 Tax Year
Description:	Under previous law, small businesses were allowed to write off $250,000 of capital expenses in 2008, but only $125,000 in 2009. Under the ARRA, this higher expensing amount will return to $250,000 for 2009. Phase-out levels for this deduction will kick in for firms with more than $800,000 in qualifying expenses.

Work Opportunity Tax Credit (WOTC) Expansion

Type of Benefit:	Tax Credit
Effective Date:	The expanded definition of targeted group is effective after Dec, 31, 2008. Note that the WOTC is not available to be claimed on individuals who start work after August 31, 2011.
Description:	Under current law businesses are allowed to claim a Work Opportunity Tax Credit (WOTC) equal to 40 percent of the first $6,000 of wages paid to employees of one of nine targeted groups. The ARRA adds homeless veterans and disadvantaged youth as qualified target groups for the Work Opportunity Tax Credit (WOTC).

Extension of Bonus Depreciation for 2009

Type of Benefit:	Tax Deduction
Effective Date:	The extension of bonus depreciation is effective for property placed in service after December 31, 2008. The election to accelerate research credits in lieu of bonus depreciation is effective for tax years after December 31, 2008.
Description:	This provision gives companies a 50 percent deduction on capital investments made in 2009 that would normally be depreciated over many years. Businesses can choose to

	accelerate refunds of research and development credits and alternative minimum tax credits in lieu of this bonus depreciation.

Prohibition on the recollection of tariffs

Description:	Between 2001 and 2005, U.S. Customs collected tariffs on Mexican and Canadian imports of wood, steel and other good and distributed them to U.S. Companies. Under the ARRA, U.S. Customs would be prohibited from recollecting these previously distributed sums.

State and Municipal Tax-Preferred Bonds

The following information about new and expanded bond types and programs which were authorized in the American Recovery and Reinvestment Act (ARRA) of 2009 was compiled by the Office of Senator Christopher J. Dodd. This document is intended to provide the public with basic information about the provisions available to State and local issuers, and is not a substitute for the advice of State and local bonding authorities. As you may be aware, various non-governmental entities may benefit from bond issues. However, under Connecticut law, all issues are subject to legislative bond authorizations, as well as approval by the State Bonding Commission. For non-profit groups, private businesses and other such entities who may be interested in some of these provisions, or having bonds issued on their behalf, please contact your State legislators, State Bond Commission, or Office of the Comptroller for further information. The Comptroller's website provides general rules for bond issues, the process, and also maintains a database of projects for which bonds have been issued. Links to these resources are available below. Please note: Not all bond-related provisions passed as part of the ARRA are included in this document; the following information is subject to change; and additional eligibility requirements, restrictions and guidance may apply.

Qualified School Construction Bonds (QSCBs)

Type:	Tax Credit Bond
Effective Date/ Allocation Limits:	The ARRA allows for $11 billion in QSCBs to be allocated to States and localities in 2009 and 2010. This provision is effective with the passage of the ARRA.
Description:	100 percent of the proceeds of these bonds must go to construction, rehabilitation, repair or purchase of property for public school facilities. These proceeds must be used within 3 years of issuance.
Tax Benefit:	Buyers receive a credit against income and AMT liabilities, which can be carried forward to subsequent taxable years. The credit is the amount of the credit rate (set by the Secretary of the Treasury) multiplied by the face amount of the holder's bond.
Issuers:	State and local governments which designate a bond issue as a QSCB with the IRS and follow appropriate issuance guidelines for tax-exempt bonds may issue these bonds. Also, under the legislation, Indian and Tribal governments may issue these bonds for similar purposes on Indian and Tribal lands. The Secretary of the Interior may allocate up to $200 million in school construction bonds in 2009 and 2010, respectively.
Information:	State Bond Commission: http://www.ct.gov/opm/cwp/view.asp?a=3010&q=382918 CT Comptroller: http://www.osc.state.ct.us/finance/members.htm State Legislators: http://www.cga.ct.gov

Qualified Zone Academy Bonds (QZABs)

Type:	Tax Credit Bond
Effective Date/ Allocation Limits:	$1.4 billion in QZABs is authorized to be allocated to projects for 2009 and 2010, respectively. This provision is effective as of December 31, 2008.
Description:	These bonds are intended to benefit Qualified Academy Zones (QAZs). QAZ's are public schools that provide programs and curriculum below college level and that have a special academic partnership with local businesses designed to expand educational opportunities, graduation and employment rates. A QAZ must also either: A) be located in an empowerment zone or enterprise community or B) reasonably expect that 35% of students qualify for free or reduced lunches through the National School Lunch Program.
Tax Benefit:	Buyers receive a credit against income and AMT liabilities, which accrues quarterly and which can be carried over to subsequent years. The credit is the amount of the credit rate (set by the Secretary of the Treasury) multiplied by the face amount of the holder's bond.
Issuers:	The eligible issuers include State and local Governments that designate that either (1) 95 percent of proceeds go to school renovations, equipment purchases, or development of course materials or teacher and personnel training or that (2) private entities have promised to provide certain equipment, technical assistance, or training and employment services, or property and services equal to 10% of the bond proceeds.

Information:	State Bond Commission: http://www.ct.gov/opm/cwp/view.asp?a=3010&q=382918 CT Comptroller: http://www.osc.state.ct.us/finance/members.htm State Legislators: http://www.cga.ct.gov

Build America Bond Program

Type:	Tax Credit Bond
Effective Date/ Allocation Limits:	This tax subsidy program is effective with passage of the bill through to issues sold prior to January 1, 2011.
Description:	These bonds are designed to allow State and local issuers to issue taxable bonds. These bonds pay a Federal subsidy directly to State and local governments in 2009 and 2010.
Tax Benefit:	Holders of taxable governmental bonds will accrue a tax credit in the amount of 35 percent of the interest payments of these bonds during the calendar year. This tax credit can be used to reduce income tax liability and the AMT. The credit rate of 35 percent is set in statute, not by the Secretary of the Treasury, as is the case for other tax credit bonds.
Issuers:	State and local Governments
Information:	State Bond Commission: http://www.ct.gov/opm/cwp/view.asp?a=3010&q=382918 CT Comptroller: http://www.osc.state.ct.us/finance/members.htm State Legislators: http://www.cga.ct.gov

Recovery Zone Bonds

Type:	New Category of Tax Credit Bonds for Investment in Economic Recovery Zones.
Effective Date/ Allocation Limits:	$10 billion for Recovery Zone Economic Development Bonds during 2009-2010 and $15 billion for Recovery Zone Facility Bonds during 2009-2010.
Description:	Recovery Zone Facility Bonds: Any bond issued as part of an issue if: 1) 95 percent or more of the net proceeds of such issue are to be used for recovery zone property and 2) such bond is issued before January 1, 2011 and 3) the issuer designates such bond as a recovery zone facility bond. Recovery Zone Economic Development Bonds: Municipalities receiving an allocation of these bonds can use them for infrastructure, job training, education and other economic development purposes within the boundaries of the State, city or county if that locality has significant poverty, unemployment or home foreclosures.
Tax Benefit:	Recovery Zone Facility Bonds: Tax exempt bonds for depreciable property which previously would not be able to benefit from tax exempt bonds (this excludes most recreational facilities i.e. golf courses, racetracks, suntan parlors, etc.). Recovery Zone Economic Development Bonds: Entitles issuers to receive and advance a tax credit equal to 35 percent of the interest payments, or 55 percent if the designated bond is a taxable governmental bond.
Issuers:	State and Local Governments will receive allocations from the Secretary of the Treasury based on the State's 2008 job losses as a percentage of the national percentage of job losses. There will then be sub-allocations from the States to localities and municipalities based on the area's designation as an "Economic Recovery Zone."
Information:	State Bond Commission: http://www.ct.gov/opm/cwp/view.asp?a=3010&q=382918 CT Comptroller: http://www.osc.state.ct.us/finance/members.htm State Legislators: http://www.cga.ct.gov

Tribal Economic Development Bonds

Type:	Tax Exempt Bond
Effective Date/ Allocation Limits:	$2 billion to be allocated by the Secretary of Treasury in consultation with the Secretary of the Interior to national tribal governments.
Description:	Bonds are treated as if issued by the State of residence and can be used for economic development projects without restriction. This provision removes requirements that tribal governments only be allowed to issue bonds for "essential governmental functions." The ARRA also requires a study by the Treasury Department to determine if this restriction should be permanently eliminated, due a year after enactment.
Issuers:	Indian Tribal Governments
Tax Benefit:	Tax-Exemption on Interest of These Bonds
Information:	State Bond Commission: http://www.ct.gov/opm/cwp/view.asp?a=3010&q=382918 CT Comptroller: http://www.osc.state.ct.us/finance/members.htm State Legislators: http://www.cga.ct.gov U.S. Department of the Treasury: www.treasury.gov

Modification to High Speed Intercity Rail Facility Bonds

Type:	Exempt Facility Bond
Effective Date/ Allocation Limits:	This exemption applies to obligations issued after date of enactment of the ARRA.
Description:	This provision changes the tax treatment of exempt facility bonds for high-speed intercity rail lines operating at an average rate of 150 miles per hour. If issued totally by a Governmental entity, the bonds are completely tax exempt. All proceeds must be used within 3 years, or within 6 months thereafter.
Tax Benefit:	Tax-exemption on interest for these particular bonds, if issued by a governmental entity or to benefit a public enterprise.
Issuers:	State and Local Governments (can be issued for the benefit of private entities, however these entities must waive all future depreciation or credit claims on the facility).
Information:	State Bond Commission: http://www.ct.gov/opm/cwp/view.asp?a=3010&q=382918 CT Comptroller: http://www.osc.state.ct.us/finance/members.htm State Legislators: http://www.cga.ct.gov