

SUMMARY OF CAMP-CANTOR SUBSTITUTE TO H.R. 1

Immediate Tax Relief and Assistance for Working Families:

- **Rate Reductions and AMT Relief:** Lowers, for 2009 and 2010, the bottom two income tax brackets from 10% to 5% and from 15% to 10%, respectively. This will reduce the income taxes of every American who pays income taxes and will provide a maximum family benefit of almost \$3,400 each year. The substitute also ensures that no additional taxpayers will fall victim to the Alternative Minimum Tax as a result of these lowered rates. (*\$291.3 B / 11 years*)
- **Health Insurance Premium Deduction:** Brings fairness to the tax treatment of health insurance by providing a new deduction for those who do not receive tax-preferred, employer-sponsored coverage, regardless of whether they itemize their taxes or take the standard deduction. It will also offer financial assistance to many of the unemployed who would not qualify for the COBRA premium subsidy, like those who worked for employers with fewer than 20 employees or who are ineligible for COBRA because their former employer goes bankrupt. Rather than being forced to take COBRA to receive the premium subsidies, unemployed individuals would have the freedom to purchase the health care coverage that best meets their needs. (*\$32.2 B / 11 years*)

Help for America's Small Businesses and Employers:

- **Small Business Deduction:** Creates a 20% deduction for small business income. This provision would lower the tax burden on companies with 500 or fewer employees (99.9 percent of the 27.2 million businesses in America), a group of businesses that employ about half of all private-sector employees and that created nearly 80% of the new jobs in the U.S. in recent years. (*\$47.6 B / 11 years*)
- **Bonus Depreciation / Small Business Expensing:** Extends the favorable depreciation rules contained in the 2008 stimulus package, providing businesses, both large and small, enhanced incentives to make critical investments that they might otherwise forgo during these challenging economic times. (*\$38.9 B / 2 years; \$5.1 B / 11 years*)
- **Expanded Carry-back of Net Operating Losses (NOLs):** Expands the NOL carryback rules, permitting businesses to carry back their NOL deductions for five years, rather than two. This would provide many previously profitable companies the opportunity to seek immediate refunds of past taxes paid, giving them cash infusions that would help them weather the current economic storm. (*\$67.5 B / 2 years; \$19.5 B / 11 years*)
- **Repeal of 3% Withholding Requirement for Government Contractors:** Repeals the rule requiring 3% withholding on certain payments made to taxpayers under contracts with Federal, State, and local governments. This provision would address concerns raised about the burdens this withholding regime would impose on taxpayers and government entities alike. (*\$10.9 B / 11 years*)

Stabilizing Home Values:

- **Improved Homebuyer Credit:** Extends the \$7,500 homebuyer tax credit through December 31, 2009, while expanding the benefit to all primary residences, requiring a 5% downpayment, and eliminating the complicated “recapture” rules that currently require homebuyers to pay the government back if they claim this credit. This provision would help stimulate the faltering housing market and encourage responsible homeownership. (*\$21.3 B / 11 years*)

Unemployment Assistance:

- **Exempt Unemployment Benefits from Tax:** Exempts unemployment benefits from Federal income tax during 2008 and 2009, ensuring that Americans who have lost their jobs do not see the value of their benefits taxed away during these difficult times. (*\$18.0 B / 11 years*)
- **Extend Unemployment Benefits:** Extends the current temporary Federal extended unemployment benefits program through December 2009, with a phaseout through mid-2010, just like the base bill. The substitute also provides all States a share of \$7 billion in Federal unemployment funds (preventing a total of \$5 billion in job-killing State payroll tax hikes) and expects certain long-term unemployment benefit recipients (like younger high school dropouts) to pursue a GED or other training they need to find and keep good-paying jobs for the long run. (*\$32.8 B / 11 years*)

Protecting Against Future Tax Increases:

- **Sense of Congress against tax increases to offset outlays:** States that it is the policy of the United States that any effort to offset the spending increases as a result of this bill should be focused on other spending cuts, not tax increases, and that Congress should not consider raising taxes until unemployment returns to pre-2009 levels. (*No revenue effect*)