

CASTLE SUPPORTS ECONOMIC STIMULUS AGREEMENT -- FEBRUARY 07, 2008

Washington, DC-- Representative Michael N. Castle (R-DE) voted tonight in favor of providing millions of Americans with urgent economic relief. The measure, which was agreed to by both the House and the Senate, will now be sent to the President.

Representative Castle said, "The House and Senate agreed on a package to send to the President which will provide rebate checks to individuals and families, provide tax benefits for business investment to encourage job growth, and increase the limits on home loans." He continued, "The rebates will also apply to low-income Social Security recipients and disabled veterans and will explicitly prohibit illegal immigrants from receiving them."

"This stimulus package uses a variety of fiscal policy tools -- some that will have long term benefits like accelerated depreciation, and others that will have a more immediate impact like recovery rebates. I am particularly pleased that the size of loans the Federal Housing Administration can insure will increase, and that the size of loans that Fannie Mae and Freddie Mac can purchase will be temporarily increased. This will benefit homeowners who are in a subprime mortgage and struggling to make payments now or when their loan resets."

Specifics of the bill include

Rebate Provisions:

- "Recovery rebates" of up to \$600 for individuals or \$1,200 for a couple who files jointly; additional payments of \$300 for each child under the age of 17.
- Eligibility for the rebates would be phased out after a taxpayer's adjusted gross income (i.e., taxable income) exceeds \$75,000 for individuals or \$150,000 for couples filing jointly.
- Treats Social Security benefits as "qualifying income," allowing low-income Social Security recipients to receive rebate checks, including up to 20 million seniors, according to the Senate Finance Committee;
- Allows benefits received by disabled veterans and their survivors to be treated as "qualifying income," thus allowing rebate checks to be provided to 250,000 disabled veterans, according to the Senate Finance Committee;

Business Tax Benefits:

- 50% bonus depreciation for certain equipment purchased and placed in service in 2008, allowing those firms to recover 50% of the cost of such investments in the year that they are made.
- The bill temporarily increases to \$250,000 the limit on the amount that small businesses can "expense," or write-off, in the year that certain equipment is placed in service, rather than deducting those costs over several years using

depreciation rules. (The current limit under these "Section 179" expensing rules is \$125,000, adjusted for inflation, which would be \$128,000 this year.)

Increased Loan Limits:

- Increases the size of individual mortgage loans that Fannie and Freddie can purchase for loans originated between July 1, 2007, and Dec. 31, 2008. Fannie and Freddie would be permitted to buy loans that are the lessor of 125% of an area's median price or \$729,750 (the current loan limit is \$417,000).
- The measure temporarily increases Federal Housing Administration loan limits to the lessor of 125% of an area's median home price or \$633,500. (The current loan limit is \$362,000.) This increase would apply to loans that receive approval prior to Dec. 31, 2008.

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