

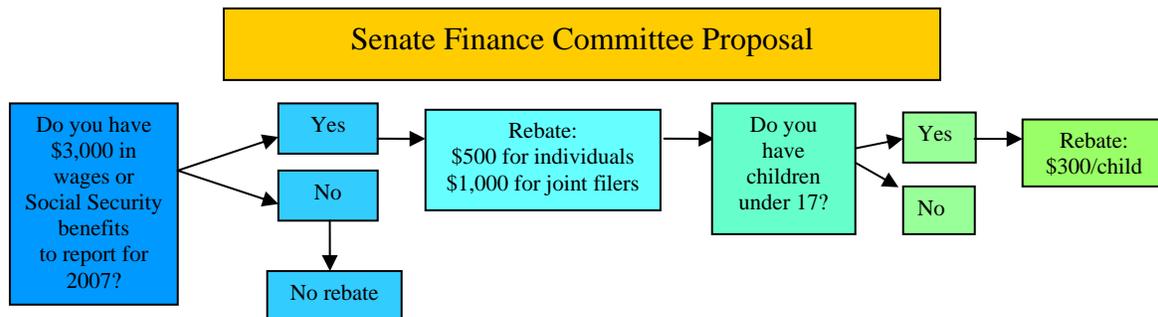


## A SIMPLE SOLUTION ON REBATES: EQUAL TREATMENT FOR TAXPAYERS IN ECONOMIC STIMULUS

News reports use one or two dollar figures to explain proposed rebates for economic stimulus, but rebate amounts may vary significantly – particularly for lower-income Americans – unless Congress acts. Rather than a variable rebate based on taxable income and liabilities, the Finance Committee would provide a check for \$500 to every American filing a 2007 tax return reporting \$3000 of wages, Social Security income, or self-employment income. The check doubles for married couples filing jointly. Families with children under 17 would receive an additional \$300 per child. Allowing Social Security as qualifying income will let more Americans participate in economic stimulus.

### A fair, flat rebate: every recipient gets the same for themselves and for kids.

The Finance Committee plan is simple: qualify for the rebate, and get a set amount.



Rebates under the House proposal, meanwhile, are currently set based on a host of factors, including how much income you have, what type, and what kind of taxes you owe. Rebate amounts will vary – particularly for lower-income Americans.

### Fewer restrictions make more Americans a part of economic growth.

The Finance Committee plan treats Social Security retirement or disability benefits the same as taxable wages – giving more Americans the same rebate, and a chance to contribute to economic growth.

At a recent Senate Finance Committee hearing, Congressional Budget Office Director Peter Orszag said that a flat rebate proposal (including child bonuses) available to payroll taxpayers with no income tax liability “would likely have a higher cost-effectiveness” for economic stimulus.<sup>1</sup> In the same way, American seniors are a prime target for economic stimulus. Americans over age 65 spend 92 percent of their incomes within a given year – that’s higher than any other demographic group over the age of 25.<sup>2</sup>

<sup>1</sup> Senate Finance Committee hearing, “Strengthening America’s Economy: Stimulus that Makes Sense,” January 22, 2008.

<sup>2</sup> U.S. Department of Labor, Bureau of Labor Statistics data