Newslines Washington

Stimulus plan includes billions for troops, vets

The \$787 billion economic recovery plan signed Feb. 17 by President Barack Obama includes billions aimed at service members and veterans, including tax cuts, incentives for employers to hire veterans, and improvements in military and veterans facilities.

About \$212 billion of the money in the American Recovery and Reinvestment Act is in the form of tax cuts for individuals and businesses, including some aimed specifically at veterans.

But the core of the bill is \$575 billion in spending, including \$2.2 billion for new military construction, \$1.2 billion for veterans facilities and \$555 million for an expansion of the Homeowner Assistance Program, originally created to help people whose houses lose value because of a base closing or realignment.

Here are key features of the new law:

Individual tax cuts

Most taxpayers, including virtually all service members, will get a refundable tax credit of up to \$400 a year for individuals and up to \$800 a year for families for 2009 and 2010. This will be done by adjusting Social Security taxes

ESTIMATED CLAIMS

The military bases its cost estimates for Housing Assistance Program claims on the number of homeowners expected to qualify to file claims

	ARMY	NAVY/ Marines	AIR FORCE	COST
Military homeowners affected by PCS moves, 2006-12	1,914	1,411	1,667	\$202M
Wounded warrior homeowners Surviving spouse homeowners	465 700	133 150	10 12	\$50.5M
2005 BRAC homeowners	11,199 civ	ilian & military homeo	wners	\$302M
Source: Army				

so take-home pay is higher.

Full credit is limited to individuals with modified taxable incomes of less than \$75,000, and married couples filing jointly with less than \$150,000 in taxable income. The credit phases out at a rate of 2 percent of income over those limits. Individuals with income above \$95,000 and couples with income above \$190,000 will not get the credit.

It is expected to begin showing up in June checks, but taxpayers will have an option of deferring payment until next year, when they could get a lump sum after filing their 2009 taxes.

In addition, eligibility for a refundable child tax credit will be expanded in 2009 and 2010. The credit in 2008 was 15 percent of income above \$8,500, but for two years will be 15 percent of earned income above \$3,000, which White House officials said will provide an extra \$1,200 per child.

Help for disabled veterans

Some veterans receiving compensation or pensions from the Veterans Affairs Department will receive a one-time payment of \$250. The same payment will go to disabled people receiving Social Security, Supplemental Security Income and Railroad Retirement benefits.

Basic eligibility is limited to people who were receiving VA benefits for at least three months before the law was enacted; whose address is in one of the 50 states, the District of Columbia or U.S. possessions or territories; and who are not receiving the \$400 individual or \$800 family Social Security tax credit. If they are receiving that tax credit, the amount they receive will be deducted from what the new law calls an "emergency economic recovery payment."

Buying a home, vehicles

Two incentives are included for people waiting to make big purchases, like a house or a new car. These are not aimed specifically at the military or veterans, but are sure to interest those groups.

For first-time homebuyers, a tax credit of up to \$8,000 is available for houses purchased between Jan. 1, 2009, and Dec. 1, 2009. The tax credit would have to be repaid only if the house is sold within three years, which could make some military people think carefully about what might happen if they make a permanent changeof-station move before then. The credit is equal to 10 percent of the purchase price of a house, up to the \$8,000 limit.

The new car credit — which also applies to light trucks, motorcycles and recreational vehicles allows sales tax deductions for vehicles costing up to \$49,500. The deduction applies to purchases made from Feb. 17 to Dec. 31, 2009, and is available for single people with taxable income of up to \$125,000 and for joint filers with incomes of up to \$250,000.

Hiring incentives

A work opportunity tax credit program is expanded to give businesses incentive to hire veterans discharged in the past five years who have been unemployed for at least four weeks during the year before being hired. The revised program applies to anyone who was on active duty for more than 180 days in the last five years or

was released from active duty in the last five years because of a service-connected disability. A business that hires a qualifying veteran gets a tax credit equal to 40 percent of the first \$12,000 in wages.

One important restriction: An employer can't claim the credit for hiring a relative or dependent.

Construction

The recovery package includes billions for construction and repair of military bases and veterans facilities that is part of a larger jobcreation plan. The Air Force gets \$100 million for troop housing, \$80 million for child care centers, \$80 million for family housing construction and \$16.5 million for family housing repairs.

In defense-wide construction, the bill includes \$1.3 million for military hospitals and \$120 million for energy conservation projects. For minor repairs and reducing the maintenance backlog, the law provides \$4.2 billion for defense programs.

VA receives \$1.4 billion for facilities, with \$1 billion for medical facility maintenance, and \$50 million for the national cemetery system. VA also gets \$150 million to hire more claims processors, \$1 million for inspector general activities and \$50 million for information technology.

Payments to Filipino veterans

One of the law's more controversial provisions is a lump-sum payment for about 18,000 Filipino veterans who served under U.S. command in World War II. Those who are U.S. citizens will get \$15,000, those who are not will get \$9,000. \square

Military homeowners may get help, too

By Karen Jowers

Defense Department officials have begun work on a new program designed to help some military homeowners caught in the housing market crisis.

The program stems from a provision in the economic stimulus law signed Feb. 17 by President Barack Obama, along with \$555 million to pay for it.

Depending on how the Pentagon implements it, the law may help some military homeowners forced to sell their houses because of a permanent change-of-station move.

Already, some argue that the law's broad aspects are too limited, because the PCS-related assistance applies only to those who bought their houses before July 1, 2006.

The assistance also applies to

wounded warriors relocating because of medical treatment or medical retirement, and to surviving spouses of those who died in the line of duty after Sept. 11, 2001.

The law also helps military and civilian homeowners forced to relocate by 2005 base realignment and closure actions. It temporarily removes the requirement that in order to provide homeowner assistance, defense officials must show that the downturn in local housing markets was caused by a BRAC action. Officials say that is almost impossible in the current nationwide housing crisis.

The law expands the current Homeowners Assistance Program beyond its current mission of helping military and civilian homeowners relocating because of BRAC. The expanded program, if fully implemented by the Defense Department, could help about 17,000 people, officials said. The Army Corps of Engineers is the executive agency that administers the program for the Defense Department.

The new law authorizes, but does not require, the Pentagon to help homeowners in one of several

- Buying the house and selling it through a contractor.
- Paying off the mortgage.
- Paying up to 95 percent of the property's prior fair market value. minus the fair market value at the time of sale (for BRAC homeowners, this is based on the fair market value before the public announcement of the BRAC action).
- Paying up to 90 percent of the prior fair market value as the purchase price when the Defense De-

partment purchases the house.

For those who have already suffered foreclosures or other actions. the HAP program can pay off a homeowner's enforceable liabilities, and work with the lender to straighten out the homeowner's credit. According to one source who spoke on condition of anonymity, officials probably will ask those who qualify for the assistance to sell their houses at fair market value, with defense officials paying the difference between the sale price and the mortgage balance, plus closing costs.

The law's 2006-12 window for those affected by PCS moves and BRAC is based on the estimated duration of the housing crisis.

A Marine officer assigned to U.S. Southern Command headquarters in Miami said he missed the cutoff date for aid by one month. They finalized the purchase of their Miami home Aug. 3, 2006.

"The last thing I was thinking then was that the market would tank," said the officer, who asked not to be identified. "I thought the worst case scenario was that it would be stagnant.

He estimates his home's value has dropped from \$450,000 to \$300,000; the mortgage balance is \$392,000. He extended his tour by 10 months in hopes that the housing market will improve by 2010.

Calls from service members to the Army Corps of Engineers increased, officials said.

"We're receiving 25 to 50 or more a day," mostly from military homeowners affected by PCS moves. said Linda Fountain, HAP program chief in Savannah, Ga., district of the Corps of Engineers.

More information and applications are available at http://hap .usace.army.mil. \square