



## Stimulus offers tax credits for 2009

Variety of expanded tax credits available when filing returns in 2010

**First-Time Homebuyers:** Up to \$8,000 tax credit for homes purchased by April 30, 2010.  
**New Vehicle Purchases:** Deduct state and local sales taxes on purchases up to \$49,500.  
**Earned Income Tax Credit:** Increases for qualifying taxpayers with three or more kids.  
**Unemployment Benefits:** First \$2,400 in 2009 in benefits are tax free.  
**Energy Efficiency:** Credit taxes, up to 30 percent, for qualifying improvements.

The American Recovery and Reinvestment Act of 2009 offers numerous tax credits for individuals to file in 2010 against their 2009 taxes.

**•Making Work Pay Tax Credit:** In 2009 and 2010, the Making Work Pay provision of the American Recovery and Reinvestment Act will provide a refundable tax credit of up to \$400 for working individuals and up to \$800 for married tax-

payers filing joint returns.

This tax credit will be calculated at a rate of 6.2 percent of earned income and will phase out for taxpayers with modified adjusted gross income in excess of \$75,000, or \$150,000 for married couples filing jointly.

For people who receive a paycheck and are subject to withholding, the credit will typically be handled by their

employers through automated withholding changes. These changes may result in an increase in take-home pay. 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.

**•First-Time Homebuyer Credit:** Homebuyers who purchased in 2009 can get a credit of up to \$8,000 with no payback requirement. New legislation extends and expands this credit to homes purchased by April 30, 2010.

**•Money Back for New Vehicle Purchases:** Taxpayers who buy certain new vehicles in 2009 can deduct the state and local sales taxes they paid or other taxes and fees they paid in states with no sales tax.

The American Recovery and Reinvestment Act permits taxpayers to take a deduction for state and local sales and excise taxes paid on the purchase of new cars, light trucks, motor homes, and motorcycles. The deduction is available on new vehicles purchased from Feb. 17, 2009, through Dec. 31, 2009.

The deduction is limited to the taxes and fees paid on up to \$49,500 of the purchase price of an eligible vehicle.

**•Education benefits:** This new credit modifies the existing Hope Credit for tax years 2009 and 2010, making the Hope Credit available to a broader range of taxpayers, including many with higher incomes and those who owe no tax. It also adds required course materials to the list of qualifying expenses and allows the credit to be claimed for four post-secondary education years instead of two.

Many of those eligible will qualify for the maximum annual credit of \$2,500 per student. The full credit is available to individuals whose modified adjusted gross income is \$80,000 or less, or \$160,000 or less for married couples filing a joint return. The credit is phased out for taxpayers with incomes above these levels.

**•Enhanced Credits for Tax Years 2009, 2010:** The American Recovery and Reinvestment Act provides a temporary increase in the Earned Income Tax Credit (EITC) for taxpayers with three or more qualifying children. The maximum EITC for this new category is \$5,657.

The American Recovery and Reinvestment Act also increases the beginning point of the phaseout range for the

credit for all married couples filing a joint return, regardless of the number of children. These changes apply to 2009 and 2010 tax returns.

The Earned Income Tax Credit is a refundable credit intended to help people who work but earn modest incomes. The credit begins to phase out at \$21,420 for married taxpayers filing a joint return with children and completely phases out at \$40,463 for one child, \$45,295 for two children, and \$48,279 for three or more children.

For married taxpayers filing a joint return with no children, the credit begins to phase out at \$12,470 and completely phases out at \$18,440.

The American Recovery and Reinvestment Act reduces the minimum earned income amount used to calculate the additional child tax credit to \$3,000. Otherwise, the minimum earned income amount was set to rise to \$12,550.

**•Unemployment Benefits:** Under the American Recovery and Reinvestment Act, the first \$2,400 of unemployment benefits an individual receives in 2009 are tax free. This provision applies only to benefits received in 2009. Normally, unemployment benefits are taxable.

**•Energy Efficiency and Renewable Energy Incentives:** The American Recovery and Reinvestment Act provides tax incentives for individuals to invest in energy-efficient products.

The new law increases the energy tax credit for homeowners who make energy efficient improvements to their existing homes. The new law increases the credit rate to 30 percent of the cost of all qualifying improvements and raises the maximum credit limit to \$1,500 for improvements placed in service in 2009 and 2010. The credit applies to improvements such as adding insulation, energy-efficient exterior windows, and energy-efficient heating and air conditioning systems.

**•COBRA:** Workers who lose their jobs may qualify for reduced COBRA health insurance premiums for a period of up to 15 months. Visit the U.S. Department of Labor's COBRA website, [www.dol.gov/cobra](http://www.dol.gov/cobra), for details.

**•Health Coverage Tax Credit:** The credit increases from 65 percent to 80 percent of qualified health insurance premiums, and more people are eligible.

(Source: IRS)

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## Way Back When

### 1 Year Ago – February 2009

Seniors Erin Guzy and Ralph Daby were crowned Sweetfest Week queen and king at Paynesville Area High School.

Staff Sergeant John Vavra – home on a 15-day leave from duty in Iraq with the Minnesota National Guard – presented American flags as “thank you’s” to second graders at Paynesville Area Elementary School and to two Cub Scout troops. The second graders and scouts had sent care packages to Vavra and his motor pool. Vavra served in Iraq on his first tour from November 2004 to October 2005 and returned on a second tour in August 2008.

Paynesville Township approved greater setbacks for new gravel pits and other mining in the township. Though willing to approve variances when appropriate, the new setbacks called for any new pits to be 500 feet from a residence for processing, 500 feet from a residence for hauling, 100 feet from a property line for processing, and 30 feet from a property line for hauling.

Eighth grader Briquelle Bowden and sophomore Caitlyn Gottwald earned All Conference honors as the Bulldogs gymnastic team placed third in the West Central Conference. At the conference meet, Bowden placed second in the all around, second on the floor exercise, and third on the bars. Gottwald placed ninth in the all around at conference.

The River Lakes Stars girls' hockey season came to an end as the Stars lost to North Wright County 5-1 in the first round of the Section 8AA playoffs. Junior center Jenn Paul, who assisted on the Stars' lone goal, set new records with 49 points and 24 assists as the Stars went 14-9-2.

The Bulldogs boys' basketball team was upset by BOLD 57-56 on a buzzer-beating three-pointer and lost to Montevideo 78-43 to drop into third in the WCC South race. The Dogs (8-4) trailed Morris (10-2) and Monte (8-3).

### 10 Years Ago – February 2000

Crowds packed the Paynesville American Legion to hear Gov. Jesse Ventura speak, part of a two-day tour to central Minnesota. An estimated audience of 400 people heard the independent governor, who touted his “Big Plan” for Minnesota, including good roads, high-speed communications, good health care, and affordable housing. He suggested a flat tax for vehicle registrations and a single chamber for state government, known as a unicameral legislature.

The River Lakes Stars girls' hockey team, seeded seventh, was upset by tenth-seeded Thief River Falls in the first round of the Section 8AA playoffs 5-3.

### 25 Years Ago – February 1985

Stearns County notified the city of Paynesville that the bridge over the Crow River north of town was scheduled to be replaced in 1985, after a two-year delay due to a lack of state funds. The current steel bridge – to be replaced by a concrete-and-steel structure – dated back to 1910.

SCSU sophomore Kim Stephanie, after winning a national competition, took a week-long trip to Washington, D.C., where she sat next to First Lady Nancy Reagan at lunch and shook President Ronald Reagan's hand.

### 40 Years Ago – February 1970

The PHS debate team – in their second straight state trip – placed fourth at state, bettering their sixth-place finish in 1969. The four seniors – Dennis Herzog, Henrietta Hemmesch, Anne Schlick, and Jan Snyder – went undefeated in the first four rounds at the University of Minnesota, debating the question: “That Congress should prohibit unilateral United States military intervention in foreign countries.” Leading entering the final round, Paynesville lost to Crookston and Fergus Falls but still tied Hopkins, Fergus Falls, and Grand Rapids with 8-2 records. On speaker points, Hopkins won the state title followed by Grand Rapids and Fergus Falls with PHS, coach by Lynn Urban, in fourth.

Twins infielder Frank Quilici – chairman of the Hope Chest MS Drive – came to Paynesville to visit Jim Weber, who was afflicted with multiple sclerosis, and middle school students.

### 60 Years Ago – February 1950

The Stearns County Baseball League agreed to split into two leagues, with some members preferring to play “A” ball while others wanted to play “B” ball. Belgrade, Melrose, Paynesville, Sauk Centre, Brooten, and Elrosa formed one new league, expecting to add two more teams to make an eight-team circuit. Farming, Greenwald, Lake Henry, New Munich, Roscoe, and St. Martin formed another league, what is still known as the Stearns County League, also expecting to add two new teams to make an eight-team league.

Minneapolis Aquatennial Queen Jean Johnson of Minnetonka visited Paynesville along with WCCO Radio's popular Cedric Adams, who served as the master of ceremonies for a vaudeville variety show, sponsored by the Lions Club, and performed his “Nighttime News” from the school auditorium.

This information was gathered from back issues of the Press.

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