

**American Recovery and Reinvestment Act:
Summary of Spending Provisions for Key Local Government Programs
National League of Cities
February 13, 2009**

Issue Area	Federal Program	Conference Report
Transportation	Highways ¹	\$29 B
	Transit	\$8.4 B
	Airport Improvement Program	\$1.3 B
	Rail ²	\$9.3 B
Energy	Energy Efficiency and Conservation Block Grant ³	\$3.2 B
	Low Income Weatherization Assistance Program	\$5 B
Environment	Clean Water SRF	\$4 B
	Drinking Water SRF	\$2 B
	Superfund	\$600 M
	Army Corps of Engineers	\$4.6 B
	Brownfields	\$100 M
Technology	Broadband	\$7 B
	Digital-to-Analog Converter Box Program	\$650 M
Education and Job Training	No Child Left Behind/Title I	\$13 B
	Individuals with Disabilities Education Act	\$11.7 B
	School Modernization	\$7 B
	Workforce Investment Act	\$3.95 B
	Unemployment Insurance	\$38.7 B
Food Stamps	State Nutrition Assistance Programs	\$20 B
Health Programs	Medicaid FMAP	\$87 B
	COBRA/Medicaid for Unemployed Individuals	\$27.5 B
Community Development	CDBG Neighborhood Stabilization Program	\$2 B
	CDBG Formula Funding for Grants for Cities and States	\$1 B
	HOME ⁴	\$2.25 B
	Homeless Assistance Grants	\$1.5 B
	Section 8 Project-Based	\$2.25 B
	Public Housing Capital Fund	\$4 B
	Lead Paint Remediation Grants	\$100 M
Rural Housing Fund	\$200 M	
Public Safety and Homeland Security	Byrne Justice Assistance Grants	\$2.225 B
	Community Oriented Policing Services (COPS) ⁵	\$1 B
	Violence Against Women Act (VAWA)	\$225 M
	Rural Drug Enforcement Assistance	\$125 M
	Internet Crimes Against Children Grants	\$50 M
	State and Local Government Infrastructure Resiliency	\$300 M
	Construction and Modification of Local Fire Stations	\$210 M

¹ \$27.5 B for formula grants and \$1.5B for competitive surface transportation grants for regional projects.

² Conference report combines intercity passenger rail grants and high speed rail projects with a major boost for high speed rail.

³ Of the \$3.2 B available, \$2.8 B is for EECBG formula grants and \$400 M will be awarded on a competitive grant basis, to be determined.

⁴ HOME funds will go to State Housing Finance Agencies for stalled Low Income Housing Tax Credit projects.

⁵ The Bill waives the local matching requirements and the salary caps for the COPS hiring program in FY' 09 and FY' 10.

**American Recovery and Reinvestment Act:
Summary of Key Tax Provisions
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Provision	
Increases Bank Qualified Debt Limit to \$30 M	Since 1986, banks have been able to deduct the carrying costs of bonds purchased from issuers who do not expect to issue more than \$10 M in bonds annually. The legislation would increase this amount to \$30 M. This applies to bonds issued in years 2009 and 2010.
Provides New Incentives for Banks to Purchase all Types of Bonds	Since 1986, banks have been able to deduct only the carrying costs of bank-qualified bonds. The Act allows banks to deduct 80 percent of the carrying costs of purchasing all types of newly issued bonds in 2009 and 2010, up to an amount not to exceed 2 percent of the institution's total assets.
Eliminates application of the AMT on private activity and governmental bonds	The interest on private activity bonds and some governmental bonds is not deductible for individuals and corporations, who must pay the alternative minimum tax (AMT). The Act eliminates the application of the AMT on all bonds issued in 2009 and 2010, including refunding of bonds that were initially issued after 2003.
New Taxable Bond Option (Build America Bonds)	Under the Act, issuers can elect to issue either taxable tax-credit bonds or tax-exempt bonds for governmental purposes in 2009 and 2010. The taxable bond option allows issuers to receive a 35 percent reimbursement of interest paid from the federal government or provide a 35 percent tax credit to investors. All of the tax laws applicable to tax-exempt bonds apply to the taxable tax-credit governmental bonds.
New Recovery Zone Bonds	The Act creates a new category of tax-credit bonds for investment in economic recovery zones. It would authorize \$10 B in recovery zone economic development bonds and \$15 billion in recovery zone facility bonds which could be issued in 2009 and 2010. Each state would receive a share of the allocation of these bonds based on the state's job losses in 2008. The state's allocation would be sub-allocated to local governments. Bonds could be used to invest in infrastructure, job training, education, and economic development in areas that have significant poverty, unemployment, or home foreclosures.
Creates New Tax-Credit Bonds: Qualified School Construction Bonds	These tax-credit bonds may be used to finance new construction, rehabilitation or repair of public school facilities. The Act authorizes \$11 B annually for 2009 and 2010. Forty percent of the allocation is dedicated to large school districts.
Increases New Clean Energy Bond Limits	The Act authorizes a total of \$2.4 B (an increase of \$1.6 B) for Clean Renewable Energy Bonds to finance renewable energy facilities. The authorization is subdivided into thirds: 1/3 for state/local/tribal governments; 1/3 for qualifying projects of public power providers; and 1/3 for qualifying projects of electric cooperatives.
Increases Qualified Energy Conservation	The Act provides for \$3.2 B (an increase of \$2.4 B) of tax-credit bonds to be issued for green community programs, including allowing bonds to be issued to

Bonds Limits	finance loans to individual homeowners to retrofit existing houses with energy conservation products.
Additional New Markets Tax Credits	The Department of the Treasury will competitively allocate \$10 B in additional New Markets Tax Credits over two years to community development organizations to raise capital for investment in low-income neighborhoods.
Three Percent Withholding Requirement	Under current law state and local governments, starting in 2011, are required to withhold 3 percent of any payments made to contractors providing property or services and remit these payments to the IRS. The Act delays the starting date until 2012.