



Fact Sheet

BYRON L. DORGAN
CHAIRMAN

DPC Staff Contact: Kate Oh (202) 224-3232
DPC Press Contact: Barry Piatt (202) 224-0577
Available Online: dpc.senate.gov

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The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act

Key Statistics for West Virginia

Ordinary Income Rates

The *Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act (H.R. 4853)*, which was signed into law on December 17, 2010, cuts taxes for middle-class West Virginians by extending the lower individual tax rates enacted in 2001. In fact, all **785,966** taxpayers in West Virginia will see their lower rates extended through 2012.¹ The extension of the lower rates will put more money in the hands of West Virginia's middle-class families.

Payroll Tax Cut

The *Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act (H.R. 4853)* includes a temporary payroll tax cut that will benefit all workers in West Virginia. Specifically, the bill provides an employee-side payroll/self-employment tax reduction of two percentage points during 2011. As a result, **900,000** West Virginians will see bigger paychecks next year.² For a typical worker in West Virginia, this payroll tax cut would be worth **\$688** next year.³

¹ IRS, Statistics of Income Division, "Individual Income and Tax Data, by State and Size of Adjusted Gross Income, Tax Year 2008," accessed November 23, 2010, <http://www.irs.gov/taxstats/article/0,,id=171535.00.html>.

² White House, data released and accessed on [12/17/10](http://www.whitehouse.gov).

³ Calculations are based on 2009 individual median earnings data from the U.S. Census, available here: <http://www.census.gov/prod/2010pubs/acsbr09-3.pdf> (Table 2). Under H.R. 4853, next year employees will pay only 4.2 percent on wages and self-employed individuals will pay only 10.4 percent on self-employment income up to the threshold (\$106,800 in 2011).

Unemployment Insurance

The *Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act (H.R. 4853)* reauthorizes emergency federal Unemployment Insurance benefits for one year, or until the end of 2011. In West Virginia, there are **18,982** residents who would have been at risk of having their unemployment benefits expire without this legislation.⁴ The bill ensures that their jobless benefits would be extended while they look for work.

Alternative Minimum Tax

The *Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act (H.R. 4853)* provides Alternative Minimum Tax (AMT) relief in 2010 and 2011 by indexing the 2009 exemption amounts and extending AMT relief for nonrefundable personal credits. This will prevent **52,000** middle-class families in West Virginia from paying the AMT in 2010.⁵

Child Tax Credit

The bill extends for two years both the expanded Child Tax Credit created in the 2001 tax cut legislation and the lower threshold above which taxpayers can count earnings when determining refundability, which was included in the *American Reinvestment and Recovery Act* (P.L. 111-5). The Child Tax Credit provides important tax benefits to low- and middle-income families. In 2008, **135,107** families in West Virginia claimed the Child Tax Credit, resulting in an average tax cut of \$1,271.⁶

American Opportunity Tax Credit

Created under the *Recovery Act*, the American Opportunity Tax Credit (AOTC) is available to offset up to \$2,500 of the cost of tuition expenses such as books and course supplies. This credit makes college more affordable for many lower- and middle-income Americans. In 2009, **29,000** West Virginians claimed the AOTC, for an average tax break of \$1,759.⁷ The *Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act (H.R. 4853)* extends the AOTC for two years.

Earned Income Tax Credit

The *Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act (H.R. 4853)* supports working families in West Virginia by extending for two years expansions of the Earned Income Tax Credit (EITC). The bill extends the higher credit for families with three or more children and also reduces the marriage penalty by increasing the phase-out point for married couples filing jointly. **152,595** families claim the EITC in West Virginia, receiving on average a \$1,881 tax break.⁸ The EITC has proven to be a successful strategy for encouraging people to choose work over welfare.

⁴ White House, data released and accessed on [12/17/10](#)

⁵ Congressional Research Service, "Alternative Minimum Taxpayers by State: 2007, 2008, and Projections for 2010," (RS22083, November 15, 2010): 7.

⁶ IRS, "Individual Income and Tax Data, Tax Year 2008"

⁷ U.S. Department of the Treasury, "The American Opportunity Tax Credit," (October 12, 2010): 24.

⁸ IRS, "Individual Income and Tax Data, Tax Year 2008"

Sec. 1603 Treasury Grants for Renewable Energy

Created by the *Recovery Act*, the Section 1603 Treasury Grants program provides cash payments for renewable energy property in lieu of tax credits. This valuable program is a key incentive for spurring investments in renewable energy projects, such as solar and wind, and creating clean energy jobs for West Virginians that cannot be shipped overseas. Thus far, one individual applicant in West Virginia has received a Sec. 1603 grant.⁹ The *Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act (H.R. 4853)* extends for one year the start-of-construction deadline for the program, ensuring that new grants remain available for new projects in West Virginia.

⁹ Department of Treasury's webpage on the Sec. 1603 program, List of Awards, accessed [12/20/10](#)