

MAKING WORK PAY

Relief For America's Working Families

April 1, 2009

The United States faces the most severe economic and financial crisis in generations. Tragically, much of the damage has fallen principally on Main Street. To help middle-class families get back on their feet and restore some fairness to the tax code, President Obama in February signed one of his signature issues into law – the Making Work Pay tax credit. As a result, families across the country are seeing more money in their paychecks. This is one of the fastest and broadest tax cuts in American history.

Since the enacted of the Recovery Act, American workers have seen increases in their paychecks reflecting the new credit and the Administration's commitment to the middle class. IRS guidance asks that, by April 1, employers must have instituted the lower withholdings for their employees.

The Making Work Pay tax credit is the tax reduction centerpiece of the The American Reinvestment and Recovery Act (The Recovery Act) of 2009. The credit provides over 110 million working families—about 95%—the tax relief they need right now. President Obama strongly pursued the credit because it puts money back into the pockets of working Americans.

Restoring Fairness to the Tax Code and Providing Tax Relief to Working Americans. *The Making Work Pay Tax Credit aims to help middle class families who are being squeezed by rising costs and stagnating wages.*

- For 2009 and 2010, the “Making Work Pay” tax credit provides a refundable tax credit of 6.2 percent of earned income up to \$400 for working individuals and \$800 for married taxpayers.
- Families should see at least a \$65 dollar per month increase in their take home pay.
- The credit will phase out for taxpayers with adjusted gross income in excess of \$150,000 for married couples filing jointly and \$75,000 for other workers, and thus is fully phased out for taxpayers with modified adjusted gross income in excess of \$190,000 for married workers and \$95,000 for other workers.

Getting Needed Cash to Working Families. In an effort to get much needed cash to hard working Americans as quickly as possible, in late February the President announced the IRS would issue a new set of withholding tables (<http://www.irs.gov/pub/irs-pdf/n1036.pdf>) structured to get the tax credit to Americas' workers in cash over the course of the year. By reducing required withholding amounts, workers' take home pay is increased immediately.

The typical American family will have about \$800 extra cash over the next year delivered to them in their paychecks to spend and to help the economy get back on track.

**State-by-State Estimates of Families That Would Benefit from
The Making Work Pay Credit in The American Recovery and Reinvestment Act of 2009**

(Millions of Families)

		United States	112.5		
Alabama	1.7	Massachusetts	2.4	South Dakota	0.3
Alaska	0.3	Michigan	3.7	Tennessee	2.3
Arizona	2.2	Minnesota	2.0	Texas	8.4
Arkansas	1.0	Mississippi	1.1	Utah	0.9
California	12.6	Missouri	2.2	Vermont	0.3
Colorado	1.8	Montana	0.4	Virginia	2.9
Connecticut	1.3	Nebraska	0.7	Washington	2.5
Delaware	0.3	Nevada	1.0	West Virginia	0.7
Florida	7.1	New Hampshire	0.5	Wisconsin	2.2
Georgia	3.4	New Jersey	3.2	Wyoming	0.2
Hawaii	0.5	New Mexico	0.7	DC	0.2
Idaho	0.5	New York	7.0	Other Areas	1.0
Illinois	4.8	North Carolina	3.4		
Indiana	2.4	North Dakota	0.3		
Iowa	1.1	Ohio	4.5		
Kansas	1.0	Oklahoma	1.3		
Kentucky	1.6	Oregon	1.4		
Louisiana	1.6	Pennsylvania	4.8		
Maine	0.5	Rhode Island	0.4		
Maryland	2.1	South Carolina	1.7		

State-by-State Estimates of Total Dollars to be Received By Residents from The Making Work Pay Credit in The American Recovery and Reinvestment Act of 2009

(Billions of Dollars)

		United States	57.2		
Alabama	0.9	Massachusetts	1.2	South Dakota	0.2
Alaska	0.1	Michigan	1.9	Tennessee	1.2
Arizona	1.1	Minnesota	1.1	Texas	4.2
Arkansas	0.5	Mississippi	0.5	Utah	0.5
California	6.4	Missouri	1.1	Vermont	0.1
Colorado	0.9	Montana	0.2	Virginia	1.5
Connecticut	0.7	Nebraska	0.4	Washington	1.3
Delaware	0.2	Nevada	0.5	West Virginia	0.3
Florida	3.5	New Hampshire	0.3	Wisconsin	1.2
Georgia	1.7	New Jersey	1.7	Wyoming	0.1
Hawaii	0.3	New Mexico	0.4	DC	0.1
Idaho	0.3	New York	3.4	Other Areas	0.4
Illinois	2.4	North Carolina	1.7		
Indiana	1.3	North Dakota	0.1		
Iowa	0.6	Ohio	2.2		
Kansas	0.5	Oklahoma	0.7		
Kentucky	0.8	Oregon	0.7		
Louisiana	0.8	Pennsylvania	2.5		
Maine	0.3	Rhode Island	0.2		
Maryland	1.1	South Carolina	0.8		