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SENATE ACTION WILL NOT DELAY REBATES ONE DAY

by Robert Greenstein

The facts are clear: Senate action on the stimulus package will not delay the rebates by a single day.

- *The earliest that the IRS can begin to send out rebates is mid-May.* No matter how fast Congress enacts the stimulus package, the IRS cannot start issuing the rebates any sooner because it must first process the 2007 tax returns.
- The IRS needs 60 days after enactment to reprogram its computers for the rebates.¹
- This means that if Congress enacts stimulus legislation anytime between now and mid-March, the rebates will start to go out in mid-May. If stimulus legislation still isn't enacted by mid-March, then every day Congress takes *after that* to finish the legislation will push the rebates back one day.

As a result, current Senate deliberations on the stimulus package are causing no delay whatsoever in the timing of the rebate checks.

In fact, the stimulus package the Senate Finance Committee approved yesterday would *accelerate* the delivery of stimulus rather than retard it, because it includes extended unemployment benefits. Those benefits could begin reaching unemployed workers and being injected into the economy in 30 days — i.e., by mid-March, some two months before the first rebate checks would go out.

Put simply, criticism of the Senate for delaying stimulus makes little sense and is based on a misunderstanding of the timing of the rebates. The Senate is not delaying the rebates, and it is considering measures that would inject stimulus into the economy more quickly.

¹ The Joint Tax Committee explained these issues in its background report on economic stimulus: Joint Committee on Taxation, "Overview of Past Tax Legislation Providing Fiscal Stimulus and Issues in Designing and Delivering a Cash Rebate to Individuals," JCX-4-08, January 21, 2008, <http://www.house.gov/jct/x-4-08.pdf>.