



U.S. Senator Tim Johnson presents Our Bottom Line

Making Sensible Decisions for South Dakota's Future

Housing Proposals Weighed

As a member of the Senate Banking Committee, I'm working to address the meltdown in the subprime mortgage market. In September, our committee approved the Federal Housing Authority (FHA) Modernization Act, and the Senate and House are still working to negotiate a final version of the bill.

Provisions included in the Senate version would be more helpful to many South Dakotans, as the Senate version reduces downpayment requirements to just 1.5%, helping many working families of modest means purchase their first home. In addition, the Senate version eliminates the cap on reverse mortgages that seniors can use to cover unexpected expenses without worrying that the loan rate will later adjust. Reverse mortgages are paid back when the home is sold rather than through monthly mortgage payments; as such, they are often attractive to seniors living on fixed incomes.

Stimulus Payments Approved!

On February 7, 2008, Congress approved an economic stimulus package that includes stimulus payments (commonly referred to as 'tax rebate checks') for 130 million American families; the President signed the measure into law the following week.

As early as May, the federal Treasury Department intends to begin sending rebate checks to American taxpayers. Most people will not have to do anything at all to receive their checks; the IRS will use information from their 2007 tax returns to calculate the amount of payment they should receive.

For more information, see "Your Stimulus Payment: What You Need to Know" on page two.

Mortgage Problems? HOPE Now May Help...

South Dakota has the second lowest foreclosure rate in the nation. Although we are not currently feeling the same housing market concerns as many other parts of our country, there are families that are having trouble keeping up with their mortgage payments as their adjustable interest rates reset, resulting in higher monthly payments.

Provisions in the economic stimulus package may ease the credit market, helping some homeowners refinance into loans with better terms. In addition, lenders and investors have joined together to form the HOPE Now initiative, which provides financial, educational and technical assistance to help homeowners avoid foreclosure. For more information, call **1-800-995-HOPE**.

Lewis & Clark Water Project:

\$26.6 Million Approved, but Johnson's Work Continues

The Lewis and Clark Rural Water System will serve approximately 200,000 people and 21 communities in South Dakota, Minnesota, and Iowa. In an area facing poor wells, contaminated aquifers, and increased demand due to population and economic growth, this new water system will help provide clean water to meet our communities' needs.

For 2008, the President proposed only \$15 million for this project, which is far less than what's needed to keep this critical project on schedule. I was proud to use my seat on the Senate Appropriations Committee to boost 2008 funding to \$26.6 million.

Since the President has proposed no funding at all for this project in the Fiscal Year 2009, it's clear I will again need to work hard to keep this important project moving forward.



U.S. Senator Tim Johnson discusses federal budget issues with members and directors of the Lewis and Clark Rural Water Project.

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Tax Help Available

Filing yearly tax returns can often be frustrating and overwhelming, with forms that seem to have been written in a totally different language. Fortunately, resources are available throughout South Dakota to help taxpayers prepare and file their returns.

Volunteers at tax preparation sites across our state will help prepare personal income tax returns for 2007 that are due on April 15, 2008. The nearest tax preparation locations can be found by calling 1-800-829-1040. Taxpayers can also log onto <http://www.irs.gov/individuals/article/0,,id=107626,00.html> to find more information about the volunteer sites.

The tax preparation will be done in conjunction with two programs, the Volunteer Income Tax Assistance (VITA) Program and the Tax Counseling for the Elderly (TCE) Program. The TCE Program allows senior citizens age 60 and older to seek free tax preparation assistance. The VITA Program allows military personnel and their families, as well as any individual or couple with an income of \$40,000 or less to seek free assistance in preparing their taxes.

Taxpayers should bring the following items with them to the site:

- photo identification
- Social Security cards for filers and dependents
- Birth dates for filers and dependents
- current year tax information, including all W-2 and related forms
- all interest and dividend statements (forms 1099)
- copies of last year's tax returns
- bank routing and account numbers for direct deposit, and
- any other pertinent information (IRA contributions, etc.)

When filing a joint tax return, both spouses must be present to electronically sign the necessary forms.

Additional locations throughout South Dakota could become available as the filing deadline approaches, so taxpayers are encouraged to seek up-to-date information.

Your Stimulus Payment: What You Need to Know

The following information answers the most frequently asked questions about the stimulus payments. More detailed information is available on the Internal Revenue Service (IRS) website at www.irs.gov.

How Much Will I get?

Most South Dakotans who worked and paid taxes in 2007 will be eligible for the full rebate amount of \$600 per person, \$1,200 for married couples filing jointly. In addition, parents or guardians may be eligible for an additional \$300 for each qualifying child under age 17 that is in their care.

High-income individuals with adjusted gross incomes exceeding \$75,000 for individuals (\$150,000 for couples) will see their stimulus payments reduced by 5% of the amount their income exceeds those thresholds.

Who Will Receive the Payments?

People receiving non-taxable veterans disability, Social Security, Railroad Retirement, survivors' or similar benefits are eligible for up to \$300 if they had at least \$3,000 in qualifying income. These people, along with folks who had very low incomes that would not normally be required to file a federal income tax return, *will* need to file a 2007 return in order to receive the stimulus payment. Nontaxable combat pay for soldiers serving in war zones counts toward the threshold as well, provided the taxpayer elects to include it as earned income.

Payments will not be made to illegal immigrants. Everyone receiving a payment must have a valid Social Security number. For married couples filing jointly, both spouses must have valid Social Security numbers. In addition, payments will only be made for children with valid Social Security numbers. All Social Security numbers will be verified by the IRS before payments are made.

What Else is in the Bill?

Other provisions of the economic stimulus package include incentives for small businesses to expand and refinancing options for families facing foreclosure (see information on page one).

This package is the result of a bipartisan effort. It is proof that when Congress and the President put partisan politics aside, the American people are put first.

Expanding Retirement Security Options

Middle-class Americans continue to face a financial squeeze from rising energy and health care costs, housing problems and stagnant incomes. These factors are even more burdensome for retirees and others living on fixed incomes. We need to do more to help South Dakotans plan for a secure retirement.

Government ought to create more investment opportunities for South Dakotans, allowing folks to better save for their retirement. Social Security benefits alone are generally inadequate for a comfortable and secure lifestyle, so it's important for workers to have good strategies for building retirement savings.

I have supported raising maximum allowable limits for contributions to 401(k) plans, expanding traditional and Roth IRA contribution limits, allowing Americans nearing retirement age to make "catch-up contributions" to tax-preferred retirement savings vehicles, and allowing for deferral of tax on capital gains from mutual funds that are automatically reinvested, thereby allowing folks to keep their money working longer for them.

I have also worked to strengthen laws that protect American workers from corporate mischief, and I'll continue fighting to make sure workers' pensions are protected if their company faces financial trouble.

CAUTION! SCAMMERS AT WORK!

The Internal Revenue Service (IRS) warns that scammers are already trying to use news of the stimulus payments as a means of identity theft. Beware of emails and telephone calls you may receive that request your Social Security number, bank account information, or other personal data. The IRS does not send unsolicited emails regarding taxes to anyone, nor does it send emails requesting financial information, charitable contributions, or advising them of refunds.

For more information about the scams and how to report them, visit the IRS website at www.irs.gov.

Building Hometown Prosperity



South Dakota is a wonderful place to live, but it isn't always the easiest place to make a living. That's why one of my highest priorities in Congress has been promoting economic opportunities for our state at the federal level.

In the near term, the economic stimulus package that I just helped to pass will provide our economy with a shot in the arm, helping to prevent a major economic downturn. Over the longer term, I will continue building on the success of my "Hometown Prosperity Plan." I announced my four-part plan in 2006, after consulting with people across our state about how I can most effectively help to boost economic development in the cities and towns that South Dakotans call home.

Here are just a few of the things we've accomplished since my plan was announced. For full details about my plan and additional information about any of these projects, please visit my website at <http://johnson.senate.gov>.

Cutting Edge Research & Education

To attract the kinds of good-paying jobs that come with high-tech industries, we need to invest in cutting-edge scientific research. We're making great progress in this area, and I'm working hard to keep that progress going.

In my Hometown Prosperity Plan, I called for passage of new "competitiveness" legislation that would boost federal funding for scientific research and education. In August of 2007, the President signed such legislation, known as the "America COMPETES Act," which I had cosponsored.

In addition, **I'm proud to have secured nearly \$30 million in federal earmarks for 2008 research activities at South Dakota's universities.** I'm also excited to use my seat on the Appropriations Committee to direct federal funds toward an underground lab at the former Homestake mine, if and when the National Science Foundation requests those funds.



U.S. Senator Tim Johnson visits with officials from South Dakota School of Mines and Technology about funding for scientific research and education.

Partnering with Communities

Organizations and local governments across South Dakota work hard every day to improve local infrastructure, attract new investment in local businesses, combat drug use, and accomplish so many other activities that make South Dakota an even better place to live, work, and raise a family.

Unfortunately, local resources are often in short supply. That's why I work hard to make sure South Dakota communities and organizations access all the federal grant and loan resources they are eligible for. As a member of the Senate Appropriations Committee, **I delivered more than \$187 million in federal earmarks to projects across South Dakota for 2008.**

In addition, my office helps organizations and communities to find and explore federal programs that might help them achieve local goals. I write letters of support for South Dakota applicants to boost the chances that their applications will be approved.

Promoting Business & Creating Jobs

South Dakota has a great environment for business, but it's not enough to just sit back and wait for businesses to find us. I have always believed we must take an active role in promoting and encouraging entrepreneurs, who generate new businesses and new job opportunities in our state.

That's why I helped to approve a much-needed increase in funding for South Dakota's Small Business Development Centers, where people can get free advice on transforming a good business idea into an actual business. That's also why I helped to craft a new Farm Bill that creates a new "Rural Microenterprise Assistance Program." This program will provide targeted business-creation assistance to low- and moderate-income people, as well as folks living in areas of declining population. I'm hopeful that the President will sign a new Farm Bill that includes this program, as well as other provisions that are important to our state.

Promoting Energy Independence

With our cold winters and long distances to drive, everyone in South Dakota is feeling the pain of high energy prices. We need to displace the demand for foreign fuel imports like gasoline and diesel fuel with home-grown sources.

In December, I helped to pass the Energy Independence and Security Act, a landmark energy bill leveraging South Dakota's ability to solve America's energy challenges. At the heart of the new law is a big boost in the Renewable Fuels Standard. This will encourage continued growth of the ethanol industry, which has brought new jobs and new economic opportunities to rural communities around our state.

The new Energy Bill builds on an equally important Energy Bill passed in 2005, and I was proud to help steer that measure through Congress. The 2005 Energy Bill created the first nationwide requirement for renewable fuels, and rural America is now reaping the benefits of that landmark legislation.



Dear Friends,



One of the most important parts of my job is making sure that you are satisfied with my work in the Senate. It's very important that I know what you think, whether you believe there are ways I could better serve South Dakotans, or whether you are basically satisfied with the job I've done representing our state in the United States Senate.

America faces many difficult decisions that will affect our nation for generations. This newsletter contains information that I believe you will find interesting and thought-provoking and, as always, I would appreciate hearing your thoughts. Your input is critically important to my ability to represent you in the Senate. Please take a couple of minutes to fill out the form and then return it to me at the following address:

U.S. Senator Tim Johnson
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What do you believe are the three most important issues facing our nation today?

1. _____

2. _____

3. _____

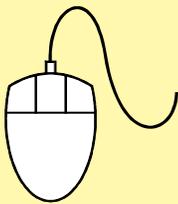
How do you judge my work as your Senator? _____

If you've had any contact with my office, were you satisfied with the service you received? _____

Is there any way that I can better serve you? _____

May I please have your email address? _____

Learn More Online



Additional information about the stimulus payments, tax preparation assistance, help for distressed homeowners, my Hometown Prosperity Plan, or any of the other topics discussed in this newsletter are available on my website at

<http://johnson.senate.gov>.

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