



Feb. 3, 2009

## An Update on the Tax and Budget System

As we work to move forward, it is now more important than ever to advocate for tax policies and spending measures that lift our low-income families out of poverty as they are the ones hardest hit by the current economic downturn. This update includes a summary of three such important pieces of federal and state legislation: SCHIP, the Economic Recovery Package, and the State Tobacco Tax.

### **Federal Tax and Budget Update** **State Child Health Insurance Program**

Great news! The Senate passed its version of SCHIP by a strong bipartisan vote of 66-32. It includes a provision that lets states decide whether to cover legal immigrant children. We're well on our way to increasing health care coverage for approximately 20,000 children in Arkansas.

We would like to thank Sen. Blanche Lincoln and Sen. Mark Pryor for voting for this critical legislation. The Senate's version will be debated and voted on by the House and then sent to President Barack Obama to be signed into law.

For more information: [Reauthorization of SCHIP \(2009\)](#)

### **The Economic Recovery Package**

The House passed its version of the American Recovery and Reinvestment Act of 2009 (H.R. 1) by a vote of 244-188. The Senate Finance and Appropriations committees adopted their pieces of the economic recovery package last week.

The committees' proposals provide funding for many important low-income related programs, including: state fiscal relief primarily in the form of providing matching dollars for Medicaid, expanding the Earned Income Tax Credit, and expanding the Child Tax Credit by lowering the income threshold. The Senate is expected to take up the economic recovery package this week.

AACF believes well-designed policies that help low-income families while providing a meaningful boost to the economy, and preserving and restoring jobs, should be a part of any economic recovery package.

For more information:

[Weighing the Options](#)  
[Senate Finance Committee](#)  
[Senate Appropriations Committee](#)

## State Tax and Budget Update

As many know, Gov. Mike Beebe proposed an increase in the tax on tobacco earlier this month. House and Senate leadership joined the call, and Rep. Gregg Reep filed [House Bill 1204](#) on Jan. 26. This tax would: (1) Increase the tax on cigarettes by 56 cents; and, (2) Tax smokeless tobacco products by 83 cents per ounce or 32% of the manufacturer's selling price (whichever is higher).

The proposed tobacco taxes would raise over \$85 million. Governor Beebe proposed to use these dollars to support his comprehensive healthcare initiative that will greatly benefit children and families in our state. Items include:

- A statewide trauma system;
- Expansion of the ARKids First program to children in families from 200 percent up to 250 percent of the federal poverty line;
- Substance abuse services for children and pregnant women;
- School health initiatives, including coordinated school health;
- Community health centers; and many others.

For more information on Governor Beebe's proposal, click [here](#).

*If you would like more information on the topics discussed above, please contact **Candice Smith**, our federal tax and budget policy director, at [csmith@aradvocates.org](mailto:csmith@aradvocates.org) or **Pat Bodenhamer**, our state tax and budget outreach director, at [pbodenhamer@aradvocates.org](mailto:pbodenhamer@aradvocates.org). If you would like to subscribe to **Moving Families Forward**, which provides updates and alerts on state and federal tax and budget issues, please email [csmith@aradvocates.org](mailto:csmith@aradvocates.org).*