

Rebate checks start in May

By Patrick Thornton

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If only the odds of winning the lottery were this good.

Starting in May, the Internal Revenue Service will mail out rebate checks and, in most cases, you won't have to do anything extra to get paid.

The payment will be \$600 for individuals and \$1,200, plus \$300 for each child, for families.

Taxpayers simply need to file a 2007 return and the IRS will do the rest, said Chris Miller, a spokesperson for the Wisconsin IRS Division. Senior citizens living off Social Security, and others who would not usually file, must do so to receive the rebate.

The federal government hopes that spreading some cash around will kick-start a sagging economy. The theory is that each dollar spent is spent seven more times before cycling through the economy.

The Commerce Department reported Thursday that the gross domestic product grew at an annualized rate of 0.6 percent in the final quarter of 2007, down from annualized 4.9 percent in the third quarter of last year. The gross domestic product measures the value of all goods and services produced in the U.S. and is the most reliable predictor of the economy's health.

Spending money to get out of a slump isn't new. Presidents John F. Kennedy and Lyndon Johnson tried similar spending plans with tax breaks and George W. Bush enacted a \$38 billion tax rebate package after the terrorist attacks of Sept. 11.

The stimulus plan will work, said Randy Cray, the director of the Central Wisconsin Research Bureau, but how much of an impact it can have in turning the economy around remains to be seen.

"The stimulus checks will have a positive affect on the economy, but not as much as people may think," Cray said. "That being said, it won't be wasted effort either."

One problem is that some people will save the money, or use it to pay down debt, rather than going on a shopping spree, Cray said. And if they do spend the money, it may go to imported goods that will only stimulate foreign economies.

Ron Ligman, a certified public accountant with Ligman & Wille CPA in Stevens Point, said the rebate plan is not a wise decision. He said it is confusing for seniors and costly for those on Social Security. Ligman joked that the rebate should be renamed the "Accountants Relief Act."

"It's costing the government more to send out the checks than it's worth; they ought to just cut spending," Ligman said. "It's a joke."

The rebate plan may have more of impact psychologically than on the bottom line, Cray said.

"It's the government showing people that, 'Yes, we care, we know things are bad and we are trying to do something positive,'" Cray said.