



Summer 2009

## ***The New COBRA Subsidy Rules***

I'm sure you would much rather read about the energy credits and solar rebates on the back of the "HBL Insider", but the fact is President Obama and our congress have been hard at work. Among the several important pieces of recent legislation is the economic stimulus package signed into law on February 17, 2009. Within that massive piece of legislation you'll find the new temporary rules for COBRA insurance.

The federal government is subsidizing 65% of COBRA premiums for up to nine months for certain employees involuntarily terminated between September 1, 2008 and December 31, 2009.

The employer is responsible for paying the 65% premium balance to the health insurer and in return recoups the amount as a federal payroll tax credit.

The subsidy ends on the earliest of (1) the date the qualifying individual becomes eligible for coverage under another group health plan or Medicare, (2) nine months after the subsidy starts, or (3) the end of the maximum COBRA period for the particular qualifying event.

As with most tax legislation tinkering, there are income limits. To qualify, the individual's adjusted gross income cannot be above \$145,000 single or \$290,000 married filing joint. If it is, they'll have to repay the subsidy. If the individual's AGI is between \$125,000 and \$145,000 single or \$250,000 and \$290,000 married filing joint, the subsidy is repaid proportionately.

The new provisions, which went into effect on March 1, 2009, will impose notice and other administrative requirements on plan sponsors in addition to those involved with the reimbursement process.

## ***Summer Office Hours***

Starting May 4, 2009 through November 25, 2009 our office hours will be the following:

Monday-Thursday            8 a.m. to 5 p.m.

Friday                        8 a.m. to 3 p.m.



## ***A Must Read about Workers' Compensation Insurance***

Under Arizona law, employers are required to carry workers' compensation insurance for their employees, subject to limited exceptions. Failure to do so may result in civil penalties. Coverage is mandatory regardless of the number of workers employed or whether those workers are part-time or full-time, minors, aliens, or even family members.

If you pay independent contractors you may be able to eliminate your obligation to cover them if you provide evidence of a written agreement which satisfies the terms of ARS Sect. 23-902(C&D), or the contractor is a sole proprietor that has waived its rights to coverage, or the contractor had workers' compensation insurance in force covering the time period and the work performed.

Please feel free to call our office with any questions you might have.

## ***Energy Credits & Solar Rebates prove to be a Bright Spot in 2009***

Everyone is going “green” in 2009. Many of the federal tax credits that expired at the end of 2007 are back in 2009, bigger and better. Also, surprisingly, the solar rebate incentives provided by Tucson’s local utility companies (TEP & TRICO) certainly steal the show. Please find highlights below with website links.

### **Federal Tax Credits for Energy Efficiency – [energystar.gov/taxcredits](http://energystar.gov/taxcredits)**

*The following tax credits are available at 30% of the cost up to \$1,500 in 2009 and 2010 for existing homes only:*

Windows and Doors	HVAC
Insulation	Water Heaters (non-solar)
Roofs (Metal and Asphalt)	Biomass Stoves

*The following tax credits are available at 30% of the cost with no upper limit through 2016 for existing homes and new construction:*

Geothermal Heat Pumps	Small Wind Energy Systems
Solar Panels	Fuel Cells
Solar Water Heaters	

As with most things in life, there is fine print to these credits. Most notably the home served by the system *must* be the taxpayer’s principal residence, except for Geothermal Heat Pumps, Solar Panels, Solar Water Heaters, and Small Wind Energy Systems which may be in the taxpayer’s second or vacation home. Lastly, make sure that you keep your receipts and the “Manufacturer Certification Statement”, which confirms that the product qualifies for the tax credit and will help us identify the proper credit for you at tax time.

### **TEP & TRICO Solar Incentives**

**TUCSON AREA - <http://www.tucsonelectric.com/Green/Home/Solar/electric.asp>**

**MARANA & SAHUARITA AREA - [http://www.trico.coop/sunwatts\\_information.html](http://www.trico.coop/sunwatts_information.html)**

**NATIONWIDE - <http://www.dsireusa.org> (Comprehensive Database for all states)**

Wouldn’t it be something if your solar panel generated enough electricity that it actually put energy back onto the grid? What if I then told you that someone else picks up 60% of tab? Are you even more interested? Well its happening! TEP and TRICO both offer rebates of up to \$3 per watt for TEP’s service area and \$4 per watt for TRICO’s service area. Couple that with the 30% federal tax credit discussed about above, add in a \$1,000 Arizona state credit and the math gets better and better.

We can’t tell you all the issues with installing a solar array, such as set up and maintenance, you’ll need to call a licensed solar contractor for that, but we can tell you that never before have we seen a better deal to “buy down” the cost of a solar array. A 6 kilowatt solar panel generates approximately 840 Kwh/month. At today’s electricity rates, your annual savings could be around \$900. So look to your utility bill to see how much electricity you use a month to approximate your annual savings. From a payback standpoint, it will still take a while to recoup your investment but the solar arrays that qualify for the rebates and tax credits are guaranteed to last 20 years or longer.