



# Fact Sheet

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## Senate Democrats Are On Your Side: Bipartisan *HIRE Act* Creates Jobs and Strengthens Businesses

*Passage of this bill is an important step in our continuing commitment to put more Nevadans and more Americans back to work. This fully paid-for legislation cuts taxes for businesses so that they can hire more workers, cuts costs for small businesses and invests in our nation's infrastructure... Senate Democrats stand with middle-class Americans trying to support their families and small businesses trying to thrive in this economy.*

– Majority Leader Harry Reid, 3/17/10

Senate Democrats' jobs agenda shows that we are on the side of working families and small businesses. This month, the Senate sent the first in a series of job-creation bills to the President for signature into law. The *Hiring Incentives to Restore Employment Act (HIRE Act)*, which contains tax cuts and infrastructure investments designed to create over one million good-paying American jobs this year, was passed by a bipartisan vote of 68 to 29. In addition to creating jobs, the *HIRE Act* is also fiscally-responsible: the new law is fully offset and reduces the deficit by nearly \$1 billion.

The *HIRE Act* includes the following four provisions:

- **A new tax incentive that encourages businesses to hire unemployed workers to spur immediate job growth.**

The *HIRE Act* will provide businesses with an exemption from the Social Security payroll taxes they owe for every worker who is hired in 2010 and who has been unemployed for at least 60 days. The maximum value of this incentive is \$6,621, which equals to 6.2 percent of wages paid in 2010 up to the FICA wage cap of \$106,800. The longer that a business has a new qualified worker on its payroll, the greater the tax benefit will be, which will create an incentive for businesses to hire people now.

In addition, to promote long-term employment, there would be an additional \$1,000 income tax credit for every new employee retained for 52 weeks.

- **Enhanced tax expensing rules to help small businesses grow and hire more**

**workers by allowing them to write off more of their expenditures.**

The *HIRE Act* allows small businesses to deduct up to \$250,000 of the cost of qualifying property in the year it is purchased, rather than waiting to recover their costs through depreciation deductions over a number of years.

Without new legislation, the amount small businesses may expense would fall to approximately \$133,000. This provision will extend expensing thresholds so that small businesses will be able to write off up to \$250,000 of certain capital expenditures (subject to a phase-out if expenditures exceed \$800,000) in 2010 in lieu of depreciating those costs over time.

- **Extension of the Highway Trust Fund, allowing for billions in infrastructure investments to rebuild our nation's infrastructure and save an estimated one million jobs.**

Since September 30, 2009, Congress has passed three short-term extensions of the nation's surface transportation programs. The current extension expires at the end of February. The *HIRE Act* provides an extension of the nation's surface transportation programs through December 31, 2010. This extension will provide states and localities with the certainty they need to make decisions on capital-intensive projects and allow for billions more to be invested in infrastructure throughout the United States. According to the Department of Transportation, every \$1 billion in federal funds (matched by state and local governments) saves or creates 34,700 jobs.

- **Expansion of the Build America Bonds program to allow state and local governments to finance more infrastructure projects and put people to work.**

The *HIRE Act* expands upon the highly successful Build America Bond model created by the *Recovery Act* by making it available to existing Tax Credit Bonds, which provide the bond holder with a federal tax credit in lieu of interest. The *HIRE Act* provides a mechanism for shifting the tax credit to the bond issuer, as is allowed under Build America Bonds. The legislation allows issuers of existing Tax Credit Bonds to elect to treat bonds issued after the date of enactment as Build America Bonds, thus qualifying for the direct subsidy. This enables issuers of clean renewable energy bonds, qualified energy conservation bonds, qualified zone academy bonds, and qualified school construction bonds to access the direct subsidy payments under the Build America Bond structure. The federal subsidy for these bonds will be 45 percent of the borrowing cost (65 percent for certain small issuers).

Passage of the *HIRE Act* represents a critical victory in the Democratic job-creation agenda and we will continue to make every effort to get Americans back to work this year.