

President Obama Signs \$17.6 Billion Job-Creation Bill

President Obama has signed into law a \$17.6 billion job-creation bill that contains tax breaks for employers who hire new workers. The Hiring Incentives to Restore Employment (HIRE) Act (“Act”), H.R. 2847, includes four major provisions:

- The Act grants employers an exemption from the 6.2 percent Social Security payroll contribution for each new qualified employee hired in 2010. A “qualified employee” is defined as a person who has not been employed for more than 40 hours during the previous 60 days. In addition, the new employee must not be hired to replace a currently employed person, unless that person quit voluntarily or was terminated for cause.
- The Act gives employers an additional \$1,000 income tax credit for each qualified employee who remains on the payroll for 52 weeks. This tax credit will be taken on the employer’s 2011 tax return.
- The Act permits small businesses to write-off up to \$250,000 of the cost of capital investments, such as purchases of new equipment, made in 2010.
- The Act includes funding for highway and mass transit programs and expands the Build America Bonds program, which funds state and municipal capital construction projects.

The HIRE Act is the first significant piece of job-creation legislation to pass in 2010. Earlier this month, President Obama signed the Temporary Extension Act of 2010, H.R. 4691, which extended the federal government’s COBRA health insurance subsidies to newly unemployed workers. An earlier bill, the American Recovery and Reinvestment Act (ARRA) of 2009, allowed workers who lost their employer-sponsored health care coverage due to involuntary termination between Sept. 1, 2008 and Feb. 28, 2010 to be eligible for subsidies covering 65 percent of the cost of COBRA. The Temporary Extension Act amended ARRA to allow workers terminated between March 1 and March 31, 2010, to qualify for the subsidies.

Also pending in the House of Representatives is H.R. 4213, a \$140 billion jobs bill that was approved by the Senate on March 10. If passed, that bill would extend unemployment benefits and COBRA subsidies, as well as \$31 billion in temporary tax breaks, through the end of 2010.

If you have questions regarding this legislation, please contact one of the Labor & Employment Relations Practice Group partners listed below.

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