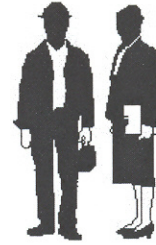




JOBS



The Problem:

The U.S. economy, however much it continues to recover and grow, simply isn't producing enough jobs to strengthen a labor market weakened by the 2001 recession. Our nation needs a job-stimulus package that goes directly and immediately to the heart of the problem – job creation.

The Solution:

Many factors influence an employer's willingness to hire, but the final decision often rests on an assessment of risk and reward. Simply put, will the financial risk of hiring more people be rewarded by higher profits from an expected increase in demand? We believe Congress can help alleviate this risk and tip the scales in favor of hiring for small business owners.

By offering a well-designed tax credit for job creation – one that smaller companies, which create most jobs, can understand and use – Congress could make a major contribution to solving the problem of unemployment and boosting economic growth.

The Details:

All private-sector employers are taxed by the IRS to pay for unemployment compensation. The tax is authorized by the Federal Unemployment Tax Act and applies to the first \$7,000 of every worker's annual wages. This amount, \$7,000 per employee per year, is called an employer's *FUTA wage base*.

The FUTA wage base is a measurable constant per employee and makes it possible to offer employers a tax credit for each new job they create. **The Small Business Jobs Creation Act of 2004** will offer firms a non-refundable income tax credit equal to 50% of the increase in their FUTA wage base from one year to the next, after meeting a minimum 2% increase.

The credit is limited to \$100,000 annually and it is only available for 5 years to small businesses with gross revenue below \$25 million. The credit is also capped in several ways to keep employers from artificially increasing FUTA wages and to limit the amount that new, expanding firms can claim.

An Example:

A small business with 50 employees in 2002 maintained a FUTA wage base of \$350,000 (\$7,000 per employee). The first new-hire of 2003 would meet a 2% increase in the FUTA wage-base, and the employer would receive an approximate credit of \$3,500 for every additional employee hired. 11 new employees in 2003 would result in a \$35,000 credit.

Small businesses are the job-creators for the future and were hardest hit by the 2001 recession. They hold the best promise for creating new jobs and building the great companies of tomorrow. They need our encouragement. For more information, or to be an original co-sponsor of this bill, please contact Rich Dunn with Rep. Chocola (5-3915) or Cicely Simpson with Rep. Davis (5-6831).

Sincerely,

Chris Chocola
Member of Congress

Lincoln Davis
Member of Congress