



Legislative Bulletin

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CHAIRMAN

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S.A. 3310, the Hiring Incentives to Restore Employment Act **Amendment to H.R. 2847**

Summary and Background	1
Major Provisions	1
Title I: Incentives for Hiring and Retaining Unemployed Workers	1
Title II: Section 179 Expensing	2
Title III: Qualified Tax Credit Bonds	2
Title IV: Extension of Current Surface Transportation Programs.....	2
Subtitle A: Federal-Aid Highways	2
Subtitle B: National Highway Traffic Safety Administration, Federal Motor Carrier Safety Administration, and Additional Programs.....	4
Subtitle C: Public Transportation Programs	6
Subtitle D: Revenue Provisions	7
Title V: Offset Provisions	7
Legislative History	8
Administration Position	8
Resources	9

Summary and Background

These are challenging times for American workers and businesses. Senate Democrats and the Obama administration inherited a fiscal crisis from the Bush Administration. The previous administration took a \$236 billion surplus, turned it into trillions in deficits, and watched millions of Americans lose their jobs. Senate Democrats acted quickly to pass the *American Recovery and Reinvestment Act (P.L. 111-5)*. Unemployment, however, remains at unacceptable rates and individuals continue to struggle to make ends meet. Senate Democrats are determined to put more Americans back to work and assist those who have lost a job through no fault of their own.

The *Hiring Incentives to Restore Employment Act (HIRE Act)* reflects this commitment to promote job creation and stabilize our fragile economy. The legislation would: 1) [reduce the cost to employers who hire new employees with a tax break for any employer who hires an employee who has been out of work for at least 60 days](#); 2) [enhance the write-off that small businesses can take for purchases of certain equipment, freeing up capital to grow and hire workers](#); 3) [expand the Build America Bonds model by making it available to existing Tax Credit Bonds](#), which provides the bond holder with a federal tax credit in lieu of interest; and 4) [extend the surface transportation programs \(SAFETEA-LU\) through the end of the year](#). The legislation is [fully paid for](#).

The *HIRE Act* lays a foundation for additional initiatives this year that will promote long-term economic security for the United States. All year, the Senate will work to pass legislation to spur job creation and get Americans back on their feet as part of a Democratic Jobs Agenda. The serious nature of our weakened economy and sustained unemployment – both inherited from the Bush Administration – demand that the Senate continue to champion innovative and successful ways to strengthen our economy and create jobs that will support American families into the 21st Century with multiple bills, throughout the year.

Although economists agree the economy has strengthened and we are no longer in a recession, it is clear that the recovery has not yet reached American families, businesses, and industries still struggling and in need of assistance. If passed, the *HIRE Act* would help businesses to begin hiring again, infrastructure projects to continue, and our nation to regain its economic security.

On February 11, Senator Reid introduced **S.A. 3310**. The Senate will begin consideration of **H.R. 2847** during the week of February 22, 2010. A cloture vote on **S.A. 3310** is expected on February 22.

Major Provisions

Title I: Incentives for Hiring and Retaining Unemployed Workers

To spur immediate job growth, the *HIRE Act* would provide businesses with an exemption from Social Security payroll taxes they owe for every worker hired in 2010 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. This would 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.

Title II: Section 179 Expensing

To help small business entrepreneurs make the investments they need to grow and hire more workers, the *HIRE Act* would extend a provision in the *American Recovery and Reinvestment Act (P.L. 111-5)* that 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 would extend expensing thresholds so small businesses would 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.

Title III: Qualified Tax Credit Bonds

In 2009, through the *Recovery Act*, Congress created a new financing tool, called Build America Bonds, which allows state and local governments to borrow at lower costs. Build America Bonds have proved to be extremely popular with state and local governments as they issued approximately \$65 billion in these bonds in 2009.

The *HIRE Act* expands upon the highly successful Build America Bond model 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* would provide a mechanism for shifting the tax credit to the bond issuer, as is allowed under Build America Bonds. The legislation would allow 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 provision will enable 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).

Title IV: Extension of Current Surface Transportation Programs

Subtitle A: Federal-Aid Highways

Public Law Extensions. The *HIRE Act* would extend would extend the latest authorization of the *Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU)*, until December 31, 2010.

Authorization of Appropriations. **S.A. 3310** would authorize the following appropriations in Fiscal Year 2010:

- A sum equal to the total amount authorized to be appropriated in Fiscal Year 2009 under titles I, V, and VI of *SAFETEA-LU* and title 23, excluding chapter 4, of the U.S. Code.
- October 1, 2010 through December 31, 2010— a sum equal to ¼ of the total amount authorized to be appropriated for Fiscal Year 2009 under titles I, V, and VI of *SAFETEA-LU* and title 23, excluding chapter 4, of the U.S. Code.

Use of funds. The *HIRE Act* would require that the funds authorized to be appropriated through December 31, 2010, as authorized above, (except as otherwise expressly provided by the substitute amendment) for:

- Fiscal Year 2010 be distributed, administered, limited, and made available for obligation in the same manner and at the same level as funds as authorized for Fiscal Year 2009.
- For October 1, 2010 through December 31, 2010 be distributed, administered, limited, and made available for obligation in the same manner and at the same level as funds as authorized for Fiscal Year 2009.

Calculation of authorized appropriations. The *HIRE Act* would adhere to the distribution of funds that was agreed to under *SAFETEA-LU*. The funding calculations would not be based on any rescission or cancellation of funds or contract authority for Fiscal Year 2009 under *SAFETEA-LU* or any other law.

Contract Authority. The *HIRE Act* would require that the funds authorized to be appropriated for Fiscal Year 2010 and for October 1, 2010 through December 31, 2010 shall be administered in the same manner as if such funds were apportioned under chapter 1 of title 23 of the U.S. Code.

Distribution of Obligation Limitation. The *HIRE Act* would require the Secretary of Transportation for Fiscal Year 2011 to, as necessary, annualize the amount of contract authority provided under this Act for Federal-aid highways and highway safety construction programs and multiply the resulting distribution of any obligation limitation under such Act by ¼.

Extension and Flexibility for Certain Allocated Programs. The *HIRE Act* would require that in Fiscal Year 2010 the funds apportioned to each state are determined by the amount the state received or was authorized to receive in Fiscal Year 2009 for sections 1301, 1302, 1307, 1702, and 1934 of *SAFETEA-LU* and section 144(f)(1) of title 23, U.S. Code. The same provision would apply from October 1, 2010 through December 31, 2010, with the amount to be apportioned being ¼ of the amount apportioned in Fiscal Year 2010.

Administrative Expenses. The *HIRE Act* would authorize in Fiscal Year 2010 the appropriation of \$422.4 million from the Highway Trust Fund (HTF), other than the Mass Transit Account, for administrative expenses. For the period from October 1, 2010 through December 31, 2010, **S.A. 3310** would authorize \$105.6 million for administrative expenses.

Rescission of unobligated balances. The *HIRE Act* would restore contract authority that was repealed on September 30, 2009 due to Section 10212 of *SAFETEA-LU*. **S.A. 3310** would

require the Secretary of Transportation to restore the contract authority to the States and to the programs from which funds were previously rescinded under Section 10212 of *SAFETEA-LU*.

Reconciliation of funds. The *HIRE Act* would require the Secretary of Transportation to reduce the amounts provided under this title of **S.A. 3310** by the amounts apportioned or allocated pursuant to the *Continuing Appropriations Resolution, 2010 (P.L. 111-68)*.

Subtitle B: National Highway Traffic Safety Administration, Federal Motor Carrier Safety Administration, and Additional Programs

Extension of National Highway Traffic Safety Administration Highway Safety Programs. The *HIRE Act* would extend the following programs, under the administration of either the National Highway Traffic Safety Administration or the Federal Motor Carrier Safety Administration, at the same level as authorized for Fiscal Year 2009.

Highway safety programs. The *HIRE Act* would provide \$235 million from the HTF (other than the mass transit account) in Fiscal Year 2010 and \$58.75 million from October 1, 2010 through December 31, 2010 for highway safety programs.

Highway safety research. The *HIRE Act* would provide \$107.3 million from the HTF (other than the mass transit account) in Fiscal Year 2010 and approximately \$27 million from October 1, 2010 through December 31, 2010 for highway safety research programs.

Occupant protection incentive grants. The *HIRE Act* would provide \$25 million from the HTF (other than the mass transit account) in Fiscal Year 2010 and \$6.25 million from October 1, 2010 through December 31, 2010 for occupant protection incentive grants.

Safety-Belt performance grants. The *HIRE Act* would provide \$124.5 million from the HTF (other than the mass transit account) in Fiscal Year 2010 and \$31.1 million from October 1, 2010 through December 31, 2010 for safety-belt performance grants.

State traffic safety information system. The *HIRE Act* would provide \$34.5 million from the HTF (other than the mass transit account) in Fiscal Year 2010 and \$8.6 million from October 1, 2010 through December 31, 2010 for the state traffic safety information system.

Alcohol-impaired driving counter measures grant program. The *HIRE Act* would provide \$139 million from the HTF (other than the mass transit account) in Fiscal Year 2010 and approximately \$34.8 million from October 1, 2010 through December 31, 2010 for the alcohol-impaired driving counter measures grant program.

National driver register. The *HIRE Act* would provide \$4.1 million from the HTF (other than the mass transit account) in Fiscal Year 2010 and \$1 million from October 1, 2010 through December 31, 2010 for the national driver register.

High visibility enforcement program. The *HIRE Act* would provide \$29 million from the HTF (other than the mass transit account) in Fiscal Year 2010 and approximately \$7.3 million from October 1, 2010 through December 31, 2010 for the high visibility enforcement program.

Motorcyclist safety. The *HIRE Act* would provide \$7 million from the HTF (other than the mass transit account) in Fiscal Year 2010 and approximately \$1.8 million from October 1, 2010 through March 31, 2011 for the motorcyclist safety program.

Child safety and child booster seat safety incentives grants. The *HIRE Act* would provide \$7 million from the HTF (other than the mass transit account) in Fiscal Year 2010 and approximately \$1.8 million from October 1, 2010 through December 31, 2010 for child safety and child booster seat grants.

Motor carrier safety grants. The *HIRE Act* would provide \$209 million from the HTF (other than the mass transit account) in Fiscal Year 2010 and \$52.7 million from October 1, 2010 through December 31, 2010 for motor carrier safety grants.

Federal motor carrier safety administration grants. The *HIRE Act* would provide the following grants from the HTF (other than the mass transit account):

- \$25 million in Fiscal Year 2010 and \$6.3 million from October 1, 2010 through December 31, 2010 for the commercial driver's license program improvement;
- \$32 million in Fiscal Year 2010 and \$8.1 million from October 1, 2010 through December 31, 2010 for the border enforcement grant program;
- \$5 million in Fiscal Year 2010 and \$1.3 million from October 1, 2010 through December 31, 2010 for the performance and registration information system management grant program;
- \$25 million in Fiscal Year 2010 and \$6.3 million from October 1, 2010 through December 31, 2010 for the commercial vehicle information systems and networks deployment; and
- \$3 million in Fiscal Year 2010 and \$756,000 from October 1, 2010 through December 31, 2010 for safety data improvement grants.

Motor carrier safety grants. The *HIRE Act* would provide \$209 million from the HTF (other than the mass transit account) in Fiscal Year 2010 and \$52.7 million from October 1, 2010 through December 31, 2010 for the motor carrier safety grants.

High priority grants. The *HIRE Act* would provide \$15 million from the HTF (other than the mass transit account) in Fiscal Year 2010 and \$3.8 million from October 1, 2010 through December 31, 2010 for high priority grants.

New entrant audits. The *HIRE Act* would provide \$29 million from the HTF (other than the mass transit account) in Fiscal Year 2010 and \$7.3 million from October 1, 2010 through December 31, 2010 for new entrant audits.

Commercial driver's license information system management. The *HIRE Act* would provide \$8 million from the HTF (other than the mass transit account) in Fiscal Year 2010 and \$2 million from October 1, 2010 through December 31, 2010 for commercial driver's license information system management.

Outreach and education. The *HIRE Act* would provide up \$1,000,000 to the Federal Motor Carrier Administration and \$3 million to the National Highway Traffic Safety Administration from the HTF (other than the mass transit account) each in Fiscal Year 2010 and \$250,000 to FMCSA and \$750,000 to NHTSA between October 1, 2010 and December 31, 2010 for outreach and education.

Motor Carrier Safety Advisory Committee. The *HIRE Act* would extend the authorization of the Motor Carrier Safety Advisory Committee through December 31, 2010.

Working Group for Development of Practices and Procedures to Enhance Federal-State Relations. The *HIRE Act* would extend the authorization of the Working Group through December 31, 2010

Grant program for commercial vehicle operations. The *HIRE Act* would provide \$1 million from the HTF (other than the mass transit account) in Fiscal Year 2010 and \$252,000 from October 1, 2010 through December 31, 2010 for commercial vehicle operations.

Hazardous material research. The *HIRE Act* would provide \$1.25 million from the HTF (other than the mass transit account) in Fiscal Year 2010 and \$315,000 from October 1, 2010 through December 31, 2010 for high hazardous material research.

Dingell-Johnson Sport Fish Restoration Act. The *HIRE Act* would extend authorization of the program through December 31, 2010.

Subtitle C: Public Transportation Programs

Allocation of Funds for Planning Programs. The *HIRE Act* would extend the formula for allocating planning funds between metropolitan planning programs and State planning programs through December 31, 2010.

Special Rule for Urbanized Area Formula Grants. The *HIRE Act* would extend the special rule permitting some urbanized areas with populations over 200,000 to use funds for operating through December 31, 2010.

Allocating Amounts for Capital Investment Grants. The *HIRE Act* would extend the allocations for small starts, ferry boats, the fuel cell bus program, intermodal terminals and bus testing at the 2009 authorized levels through December 31, 2010.

Apportionment of Formula Grants for Other Than Urbanized Areas. The *HIRE Act* would extend the apportionment for the tribal transit program at the 2009 authorized level through December 31, 2010.

Apportionment Based on Fixed Guideway Factors. The *HIRE Act* would extend the apportionment for fixed guideway modernization at the 2009 authorized levels through December 31, 2010.

Authorizations for Public Transportation. The *HIRE Act* would extend funding for the Metropolitan and Statewide Planning; Urbanized Area Formula Program; Clean Fuels Grant Program; Fixed Guideway Modernization; Bus and Bus-Related Equipment and Facilities; Elderly Individuals and Individuals with Disabilities; Other Than Urbanized Area Formula

Program; Job Access Reverse Commute; New Freedom; Paul S. Sarbanes Transit in the Parks Program; National Transit Database; Alternatives Analysis; Growing States and High Density States; Over the Road Bus Accessibility Program ; Research Programs, including University Centers at the 2009 authorized levels through December 31, 2010. The *HIRE Act* would extend Capital Investment Grants and FTA Administration at the FY 2010 appropriated levels through December 31, 2010.

Amendments to SAFETEA-LU. The *HIRE Act* would amend *SAFETEA-LU* by extending the following programs through Fiscal Year 2010 and from October 1, 2010 through March 31, 2011:

- Public-private partnership pilot program;
- Elderly individuals and individuals with disabilities pilot program;
- Project authorizations for new fixed guideway capital projects;
- Allocations for national research and technology programs; and
- National research and technology programs as authorized by sections 5312, 5314, and 5322 of *SAFETEA-LU*.

Mass transit account of highway trust fund obligation ceiling. The *HIRE Act* would extend the current obligation ceiling for the mass transit account of the HTF through Fiscal Year 2010 (\$10.5 billion for Fiscal Year 2010; of which not more than \$8.36 billion shall be from the Mass Transit Account) and from October 1, 2010 through December 31, 2010 (\$2.62 billion; of which not more than \$2.09 billion shall be from the Mass Transit Account).

Subtitle D: Revenue Provisions

Repeal of provision prohibiting the crediting of interest to the HTF. The *HIRE Act* would repeal the provision included in Title IX of the *Transportation Equity Act for the 21st Century* that disallowed the HTF from earning interest on unspent balances after September 30, 1998.

Restoration of foregone interest to the HTF. The *HIRE Act* would restore the interest to the HTF (\$14.7 billion to the Highway Account; \$4.8 billion Mass Transit Account) that would have been earned by the HTF had it been able to continue to earn interest on unspent balances.

Treatment of certain amount appropriated to the HTF. The *HIRE Act* would allow the appropriated funds by this legislation to remain available without Fiscal Year limitation.

Extension of authority for expenditures from the HTF. The *HIRE Act* would extend the authority of the HTF through Fiscal Year 2010 and through January 1, 2011.

Title V: Offset Provisions

Foreign Account Tax Compliance. These provisions include a comprehensive set of measures to reduce offshore noncompliance by giving the IRS new administrative tools to detect, deter and discourage offshore tax abuses. The proposals include 30% withholding on

U.S. source payments to foreign financial institutions, foreign trusts, and foreign corporations that do not agree to disclose their U.S. account holders and owners to the IRS; requiring taxpayers to disclose their foreign accounts on their U.S. tax returns; increasing the statute of limitations to 6 years for failure to report certain offshore transactions and income; clarifying when a foreign trust is considered to have a U.S. beneficiary; and treating substitute dividend and dividend equivalent payments to foreign persons as dividends for purposes of U.S. withholding. *This proposal is estimated to raise \$9 billion over ten years.*

Delay implementation of worldwide allocation of interest. In 2004, Congress provided taxpayers with an election to take advantage of a rule for allocating interest expense between United States sources and foreign sources for purposes of determining a taxpayer's foreign tax credit limitation. Although enacted in 2004, this election was not available to taxpayers until taxable years beginning after 2008. Last year, the phase-in of this rule was delayed for two years (for taxable years beginning after 2010). In November of 2009, we delayed the phase-in of this rule for an additional seven years (for taxable years beginning after 2017). This proposal would further delay the implementation to 2020. *This proposal is estimated to raise \$8 billion over 10 years.*

Legislative History

On June 12, 2009, Rep. Allan Mollohan introduced **H.R. 2847**, the *Commerce, Science, Justice Appropriations Act, 2010* in the House. On December 16, 2009, Rep. Chellie Pingree introduced **H.Res. 976**, to modify **H.R. 2847**. This action substituted the "*Jobs for Main Street Act, 2010*" as Division A of the Act and made other changes. On December 16, 2009, the House passed **H.Res 976** by a vote of 228 – 201 (Roll No. 983). The House then passed **H.R. 2847** by a vote of 217 – 212 (Roll No. 991).

On February 11, 2010, the bill was placed on the Senate Legislative Calendar. Senator **Reid** offered **S.A. 3310**, a substitute amendment to **H.R. 2847**.

The Senate is expected to begin consideration of **H.R. 2847** on February 22, 2010. The Senate will vote on the motion to invoke cloture on the motion to concur in the House amendment to the Senate amendment to **H.R. 2847** with amendment **S.A. 3310**.

Administration Position

On February 22, 2010, the Administration issued its Statement of Administration Policy (SAP) on the *HIRE Act*:

“The Administration strongly supports Senate passage of the Reid Amendment to H.R. 2847 as one important step forward in the ongoing effort to help put Americans back to work. The amendment includes several of the Administration’s top priorities for job creation, including a tax incentive to encourage businesses to hire, a tax cut to make it easier for small businesses to invest and expand, and further measures to keep people at work improving the Nation’s roads, bridges, and public transportation infrastructure. The Administration looks forward to working with the Congress on additional job creation measures, including increased access to credit for small businesses.”

Resources

Senate Democratic Policy Committee, “The HIRE Act: First in Series of Bills Will Put American Back To Work,” available [here](#).

Senate Democratic Policy Committee, “Creating Jobs Through Investments in Infrastructure,” available [here](#).

Senate Democratic Policy Committee, “Democrats Are Committed to Putting Americans Back to Work,” available [here](#)