



March 12, 2010

H.R. 2847 - Hiring Incentives to Restore Employment (HIRE) Act NAPA Summary

The Senate will vote on H.R. 2847 the week of March 15, 2010. The legislation has been revised numerous times since its initial consideration in the House of Representatives on December 16, 2009 when it was then dubbed the Jobs for Main Street Act. The Senate amended the legislation on February 24, 2010 and the House subsequently amended the legislation again on March 4, 2010. The revised legislation contains the following specific proposals:

- **Jobs Payroll Tax Exemption:** Offers an exemption from the 6.2% Social Security payroll taxes for every worker hired in 2010 that has been unemployed for at least 60 days. There would also be an additional \$1,000 income tax credit for every new employee retained for 52 weeks to be taken on the employer's 2011 income tax return.
- **Section 179 Expensing:** Increases the amount of small business expensing allowed under section 179(b) of the Internal Revenue Code for 2010 in an attempt to encourage new purchases of equipment. Under the legislation, a small business can expense up to \$250,000 against their tax liability through December 31, 2010, instead of depreciating the costs over time.
- **Build America Bonds Expansion:** Allows state and local governments to borrow at lower costs to finance more infrastructure projects. Under H.R. 2847, issuers of government-supported tax credit bonds may elect to take the higher federal subsidies offered to issuers of Build America Bonds. The bill would allow four bonds to offer the higher federal subsidy: 1) new clean renewable energy bonds, 2) qualified energy conservation bonds, 3) qualified zone academy bonds, and 4) qualified school construction bonds.
- **Highway Trust Fund Extension:** Extends existing highway programs which provide states and localities with the certainty they need to make decisions on projects. The bill extends the authorization of surface transportation programs under SAFETEA-LU through December 31, 2010. In addition, the bill increases authorization levels and transfers \$19.5 billion from the general fund to the Highway Trust Fund. Under the bill, \$14.7 billion of the transfer would be dedicated to the Highway Account.

How H.R. 2847 Differs from the Current Highway Program

	Current	House Proposal	Final
Duration of Extension	Expires 2/28/10.	Through 9/30/10.	Through 12/31/10.
Highway Contract Authority in FY 2010	\$27.9 billion allocated under 151-day extension.	\$41.7 billion	\$43.08 billion
Federal Share of Project Costs	80% in most cases. 90% on some Interstate Highway projects.	Allows Federal share to equal 100% in 2010.	No provision.
General Fund to Highway Trust Fund Transfer		\$14.7 billion transferred to Highway Account of Highway Trust Fund. (\$4.8 billion is transferred to Transit Account.)	Same as House bill.
Allow interest to accrue on Highway Trust Fund balance.	No	Yes	Yes
Restore FY 2009 Rescission	\$8.7 billion in highway contract authority rescinded from states' highway accounts on 9/30/09.	No fix.	Provides an additional \$8.7 billion in highway contract authority to the states.
Additional highway funding over and above FY 2010 appropriated levels.	None	\$27.5 billion	No provision.