

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010: A Win for Our Economy, Jobs, and Businesses

The legislation extends a set of important tax measures to encourage businesses to invest and create jobs in America. The agreement will help create jobs and investment now and expand the capital stock to support future growth.

- The largest temporary investment incentive in American history: The bill includes the proposal the President announced in September to temporarily allow businesses to expense all of their investments in 2011. According to the Treasury Department, complete expensing could put nearly \$200 billion in the hands of businesses over the next two years —with most paid back over time. The provision will provide a crucial incentive to 2 million businesses to invest and create jobs in the U.S. To encourage additional investment immediately and to avoid capital waiting on the sidelines, businesses would get the upfront deduction for their investment and give up their future annual depreciation allowances when the economy is stronger with a net cost of about \$30 billion over the next ten years.
- R&D credit: The agreement also includes a 2-year extension of the R&D tax credit and other tax incentives to support business expansion. The R&D tax credit will help keep the U.S. economy at the cutting-edge of 21st century technologies, while expanding high-tech jobs, encouraging innovation, and increasing future productivity and growth. Each \$1 spent on the tax credit creates \$2 of benefits for the economy. Studies have shown that every \$1 of R & D adds about \$2 of benefit to our economy and society as a whole. The entire credit goes to research and experimentation in the United States, with additional spillover benefits for jobs.
- Extension of the “1603” renewable production credit: The Recovery Act included a provision to provide a grant in lieu of the tax credit for renewable energy production. The 1603 program has helped encourage more than 4,000 clean energy projects and tens of thousands of new jobs. This agreement will now include a one year extension of the 1603 program.
- Promotes GDP growth by extending unemployment insurance: The Council of Economic Advisers has found that failure to act will reduce GDP by 0.6 percent by the end of next year. The legislation extended unemployment benefits at their current level for 13 months, through the end of 2011.

Many business leaders have supported this legislation:

Bruce Josten, Executive Vice President for Government Affairs, Chamber of Commerce

“Enacting this bipartisan framework forged by the President and Congress is one of the best steps Washington can take to eliminate the uncertainty that is preventing our employers from hiring, investing, and growing their businesses. Although the greatest way to ease uncertainty is to permanently extend all of the current tax rates, we are very pleased that lawmakers of both

parties were able to work together to provide a bipartisan path to prevent one of the largest tax increases in American history. An extension of all the marginal rates along with the extension of the expired business tax extenders, such as the R&D and active finance, and a sensible estate tax agreement will go a long way toward helping our economy break out of this slump and begin creating American jobs. While the devil is in the details, we are hopeful that Congress will swiftly pass this bipartisan framework to prevent a massive tax increase and help our economy move forward.” [[Chamber of Commerce](#), 12/07/2010]

Larry Burton, Executive Director, Business Roundtable

“We are pleased that congressional leadership and the President have made considerable progress toward a comprehensive bipartisan agreement. It reflects a compromise by all sides to extend tax relief and help provide certainty for American workers and businesses. This tax relief – including the extension of the dividends and capital gains rate – will provide a needed boost to job creation and investment. We applaud the inclusion of the R&D credit and other important business tax provisions that expired at the end of 2009. These provisions include long-standing features of the tax code that businesses rely on when they undertake hiring and investment decisions. Restoration of these provisions lifts an uncertainty for businesses that will improve their ability to employ more workers and grow the economy. Additionally, an employee payroll tax reduction and an increased incentive to undertake investment in machinery and equipment in 2011 should help to assist in the recovery.” [[Business Roundtable](#), 12/07/2010]

Susan Eckerly, National Federation of Independent Businesses (NFIB)

“The bipartisan tax framework will help small businesses as they work to strengthen our economy during these challenging times. While we would have preferred a more permanent solution. NFIB believes this compromise gives all small-business owners some much needed certainty over their tax liability for the next two years and includes a workable estate tax compromise. The tax framework also extends current capital gains tax rates and includes an AMT patch – provisions which small-business owners welcome... Bottom line, the tax framework announced yesterday is encouraging, and NFIB strongly urges members of Congress to work in a bipartisan manner to quickly pass a tax compromise that will help small businesses.” [[NFIB](#), 12/7/2010]

Daniel DiMicco, Nucor

“The president made the right decision for the country and the economy by not increasing taxes in what is still the worst recession and jobs crisis since the Great Depression.” [[Bloomberg](#), 12/08/2010]

John Arensmeyer, CEO, Small Business Majority

“While we feel the tax cuts on the upper brackets should not be extended, as fewer than 3 percent of small business owners earn more than \$250,000 per year, the compromise tax package the president struck with Congress enables us to move forward on other vital issues and offers many benefits to America’s entrepreneurs. It will help small businesses weather the recession by

extending tax benefits, encourage small businesses to invest via the R&D tax credit, and put more money in consumers' pockets via the payroll tax reduction and the extension of unemployment benefits. All of this will translate into more small business revenues and job creation. [Small Business Majority 12/09/2010]

Steve Dushane, Chief Executive Officer Venstar, Inc.

“As the CEO of a fast-growing, leading innovator in the energy efficiency and smart-metering industry, I applaud President Obama’s proposal to expense all investments made in 2011. I believe that the President’s expensing proposal will significantly increase investment in energy management and smart-metering systems across the U.S., driving green job growth, improving business profitability, and reducing carbon emissions.” [Venstar, 12/8/2010]

Brian Wesbury, First Trust

“[T]he Social Security tax rate will be temporarily cut to 4.2% from 6.2% (for the employee, not employer). This idea has been around for quite some time and is essentially, the ‘least bad’ kind of Keynesian stimulus, the one least likely to do harm and most likely to support short-term growth. For people earning above the \$106,800 cap, the payroll tax cut is like a lump sum transfer of \$2,136 per worker with zero change to incentives. For most earners below the wage cap, it’s a 2 point reduction in their marginal tax rate, with a small positive effect on the incentive to work.” [Reuters, 12/08/2010]

John Silvia, Chief Economist of Wells Fargo

“[The deal] suggests more positive outlook for economic growth, corporate profits [and] employment.” [Wells Fargo, 12/07/2010]

Mohamed El-Erian, CEO/CO-CIO at Pacific Investment Management Company

“It is important in two ways. First, it shows that a lot more attention is being paid to the unemployment problem. And secondly, it shows that political parties can compromise. Now as President Obama said, it is not perfect... But it is very important and the market is interpreting as you would expect it, which is it is good for growth, so risk assets are rallying across the board. It says it puts pressure on the fiscal situation, so bonds are selling off.” [Interview with Bloomberg News, 12/07/2010]

Joseph Perry, Partner at Marcum LLP

"It appears the uncertainty related to taxes might be coming to an end. Not only will this be positive for the economy, the clarity surrounding tax and estate planning creates opportunities to take advantage of the lower rates for the next two years." [Dateline, 12/08/2010]

Matthew Shay, Chief Executive Officer National Retail Federation

"Failure to renew these tax cuts would result in a massive tax increase at a time when our nation's economy is still struggling to recover. Higher taxes would stand in the way of creating the jobs that are vital to achieving economic recovery and would threaten to plunge us back into the recession that many consumers aren't convinced is really over yet. Keeping current tax rates in place will allow retailers and other sectors of the economy to push forward with job creation. Adding a payroll tax cut to the mix will help with that effort while boosting consumer spending as well." [Dateline, 12/06/2010]