S. 2973/H.R. 4585 Small Business Job Creation Tax Act of 2010

AVMA Position—Support

Sponsors—

- Sen. Robert Casey (D-PA)

- Rep. Carolyn Maloney (D-NY-14)

Introduction, Referral—

- S. 2973 introduced 2/1/10, referred to Committee on Finance

- H.R. 4585 introduced 2/3/10, referred to Committee on Ways & Means

Purpose—

- The Small Business Job Creation Tax Act would provide a one-time tax credit to businesses that increase their payroll.

- Small businesses would receive a 20 percent credit, and businesses with 100 or more employees would be eligible for a 15 percent credit. This allows them to deduct a percentage of their increased payroll costs.

- Limits the total credit amount available for all quarters to $500,000.

- Directs the Commissioner of Internal Revenue to notify all employers required to withhold employment taxes of the enactment and applicability of this Act; and report to Congress on enforcement measures taken to prevent and penalize fraud related to the payroll credit allowed by this Act.

Justification—

- The credit would only apply to an employee's wages up to the Social Security wage base of $106,800.

- The tax cut would be structured based on a firm's quarterly payroll increase over the previous year, meaning companies would also have an incentive to expand part-time workers to full-time, or eliminate salary cuts.

- The Congressional Budget Office reports that a tax cut for businesses that create new jobs would be the quickest, most effective measure to create new jobs.

- According to the Economic Policy Institute estimates, measures like the Small Business Job Creation Tax Act could help create more than a million jobs within the next year.

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