

FOR IMMEDIATE RELEASE

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SCHUMER: NEW BIPARTISAN PROPOSAL SLATED TO PASS SENATE THIS WEEK COULD EMPLOY THOUSANDS OF NOW UNEMPLOYED IN NYC – FOCUSES ON SMALL BUSINESS AND MIDDLE CLASS

Bipartisan Measure, Sponsored By Schumer And Orrin Hatch (R-Utah) Is Proposed Payroll Tax Cut For Businesses That Hire Unemployed Workers

Schumer Was Joined by Unemployed NYC Residents and Local Business Leaders to Rally Support for his Low Cost, Highly Effective Jobs Proposal Will Be a Win for the Five Boroughs and the Country

Today, U.S. Senator Charles E. Schumer met with local businesses and unemployed workers to discuss his new bipartisan “Hire Now Tax Cut” proposal to provide businesses that hire unemployed workers with a tax cut. Schumer has joined with Orrin Hatch (R-Utah) to offer a tax cut to businesses that hire a worker that has been without work for at least 60 days prior to employment. The businesses will avoid paying the employer’s share of Social Security taxes on that worker for the duration of 2010. The more a business pays a worker (up to the maximum Social Security wage of \$106,800), and the longer a business has a worker on its payroll, the greater the tax benefit – so there is an incentive to hire people sooner, and pay them more. The benefits go immediately into a business’ cash flow – no waiting until 2011 to receive a tax credit.

“Congress must focus like a laser on job creation, and that’s what this proposal does,” said Schumer. “The plan is targeted, cost efficient for the taxpayer and highly effective for workers seeking employment. This bipartisan proposal will put people back to work right away and help create the only thing that will finally bring us out of this recession: Job growth.”

"We believe that employers standing on the sidelines, reticent to start hiring again, will respond to the jobs-based, refundable credit that Senators Schumer and Hatch are proposing," said Kathryn Wylde, President & CEO of the Partnership for New York City, the city's leading business organization. "The sooner this program is put in place, the faster we will see employment numbers rising."

"The Chamber is excited to support any measure that will encourage our business community to start hiring and getting on our economy back on track. Senator Schumer's proposal provides meaningful incentives to immediately expand employment and get Americans working again," said Brooklyn Chamber of Commerce President & CEO Carl Hum.

Schumer said that the Schumer-Hatch proposal has many advantages over previously suggested hiring related tax cut ideas, and has therefore received an overwhelmingly positive reaction from law makers on both sides of the aisle, as well as the white house. Schumer said the plan had the following advantages and benefits:

- **Simple.** The Schumer-Hatch idea is easy to explain and administer: “No employer payroll taxes on unemployed workers hired in 2010.” Since the proposal is for a

complete elimination of the 6.2 percent payroll tax for eligible workers, rather than a fixed or capped dollar amount, employers will know to simply zero out the tax for eligible workers.

- **Focused.** Given our budgetary constraints and the nagging problem of long-term unemployment, any employment incentive should be focused on the hiring of workers who are currently unemployed. Only by focusing on the unemployed can we get people off the unemployment rolls at an affordable cost to taxpayers. Plus, unlike some versions of a payroll tax holiday, this proposal is not biased towards either low-wage or high-wage workers. Under the Schumer-Hatch plan, a business saves 6.2 percent on both a \$40,000 worker and a \$90,000 worker.
- **Front-Loaded.** The cut provides an incentive for businesses to hire workers earlier in the year, because the tax benefit will be greater. A \$60,000 worker hired on March 1 will save a business about \$3,100 in taxes, while that same hire delayed until May 1 will save about \$2,500.
- **Immediate.** In the current environment, no business wants to wait until 2011 to receive a tax credit. Our proposal puts money into a business' pockets immediately, since the tax is simply not collected in the first place.
- **Affordable.** If three million unemployed workers are hired this year under this plan, and they all work an average of six months (some more, some less) at an average salary of \$50,000, and every single one stays on payroll for 52 consecutive weeks, the gross cost to taxpayers would be only \$7.6 billion over two years – and that's before considering the offsets from income and payroll taxes paid by these workers.

To promote long term employment, the plan also adds the following bonus: For any eligible employee kept on payroll for a continuous 52 weeks, the employer would receive an additional \$1,000 credit on its 2011 tax return

Schumer offered the following examples of savings that businesses would receive under this proposal:

- Hire a \$35,000 worker on March 1, save \$1,808.
- Hire an \$80,000 worker on April 1, save \$3,720.
- Hire a \$70,000 worker on May 1, save \$2,893.

Senator Schumer has been leading the fight for middle class families in the United States Senate. Last year, he supported the American Recovery and Reinvestment Act (ARRA) which saved and created thousands of jobs across New York. Recently, he took an innovative program that began in Ulster County and took it statewide in order to provide credit to successful small businesses that have been seen their access to capital limited during this current recession.

Schumer added, "This is a win-win-win: it is a win for businesses, a win for the economy, and a win for job creation."

