

Update: September 2010

Tax Intelligence

Congress Adjourns until After November Elections

Situation

Congress adjourned on Thursday, September 30, 2010. Over the past year, new legislation is becoming more difficult to pass relating to the needs of today's economic situation that affects unemployed workers, employees and employers.

The major issues that will be taken up in a Lame Duck session will be an extension of the Bush era tax cuts along with the extenders and the FY 2011 spending bills.

Solution

Over the past year Congress has focused a tremendous amount of effort on long-term unemployment and job creation. The Emergency Funds, HIRE Act and Tax Extender Package, include programs that will expire or have expired in the last year.

To extend these programs, cooperation is needed from both the Senate Democrats and Republicans. With the limited amount of time Congress will have in the Lame Duck session for the remainder of 2010, it will make each bill more challenging to remain a priority. Listed below are several pieces of legislation that TALX is monitoring on behalf of employers:

American Recovery and Reinvestment Act of 2009 – Emergency Funds

The Act of 2009 created a new Emergency Fund under the Temporary Assistance for Needy Families (TANF) block grants, which provides 80% reimbursement for new employees hired through state subsidized job programs. The TANF Emergency funds are scheduled to expire on September 30, 2010. At the end of May 2010, the House passed a one-year extension of Emergency Funds as part of the "extender bill" (HR 4213), but several version of the bill failed in the Senate. States will be shutting down these programs, since the bill was not extended.

Hiring Incentives to Restore Employment (HIRE) Act

The HIRE Act grants tax breaks to workers who have been out of work for at least 60 days, and grants employers a break on the 6.2% Social Security tax, plus another \$1,000 break if the new hire is still employed after a year. The program is set to expire on December 31, 2010. The Senate is planning to push for an extension in early 2011.

Tax Extender Package

The phrase "tax extenders" refers to a bundle of provisions in H.R. 4213, a bill that failed in the Senate. The Senate stated that they would give another run at a new version of the tax extender package. The tax extender bill would renew for one year dozens of provisions, including the research and development credit, which President Obama proposed to make permanent. The measures in the bill are expected to cost \$30 billion over 10 years. The Senate was unable to extend the bill prior to the November elections, so we hope to see the extender bill presented prior to the end of the year.

Value

TALX will continue to monitor all programs and provide updates to our clients. If your company is interested in receiving more information or updates on the current status of the Emergency Funds, HIRE Act or Tax Extender Package, please visit our corporate blog at <http://blog.talx.com/> or contact Pete Krieshok at (314)214-7325, or via email at pkrieshok@talx.com.