

## U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Treasury Releases New Analysis of State-By-State Reach of Hire Act Tax Credit Updated Treasury Estimate Shows 5.6 Million Newly Hired Employees Eligible for HIRE Act Tax Exemption

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**ALBANY, NY** – The U.S. Department of the Treasury today released a new state-by-state report on the number of newly hired workers who are eligible for tax credits under the Hiring Incentives to Restore Employment (HIRE) Act. Nationally, from February 2010 to June 2010, businesses have hired an estimated 5.6 million new workers who had been unemployed for eight weeks or longer, making those businesses eligible to receive billions in HIRE Act tax exemptions and credits for hiring long-term unemployed workers.

Alan B. Krueger, Assistant Secretary for Economic Policy and Chief Economist at the Treasury Department, released the new report in Albany, New York with Senator Charles E. Schumer, Congressmen Paul Tonko and James Barba, President and Chief Executive Officer of the Albany Medical Center, the largest private employer in the Capital Region. In 2009, as a result of the recession, the Albany Medical Center was forced to institute a hiring freeze; however, this year they have hired 155 new employees who are eligible for the HIRE Act tax exemption.

"The HIRE Act is an example of a targeted, time-limited program that promotes private-sector job growth, which is essential for a strong economic recovery," said Krueger. "The HIRE Act gives employers in states across the country an incentive to hire new workers as soon as possible because the payroll tax exemption expires at the end of 2010."

"The Hire Now tax cut has proven to be a timely, targeted and effective job creator, helping middle class Americans find work," Schumer said. "Employers have hired over 300,000 New Yorkers and over 5.6 million Americans who are eligible for this tax cut, and I will be pushing to extend it for an additional six months."

The HIRE Act of 2010 provides employers an incentive to hire workers who have been unemployed for 60 days or longer by exempting wages paid to these workers from the employer's 6.2 percent share of Social Security payroll taxes for the remainder of the year. In addition to exempting employers from these payroll taxes, the HIRE Act allows employers to claim a tax credit of up to \$1,000 for each newly hired qualifying worker who is retained for one year.

"Challenging economic times caused us to freeze hiring except for the most critical positions related to the delivery of quality care," stated Barba. "The HIRE Act allowed us to lift the hiring freeze, create employment opportunities and ensure we have all the staff necessary to meet the medical needs of the three million residents of our 25-county service area."

Treasury's report contains new state-by-state estimates of the number of eligible hires under the HIRE Act. Many states hit with high unemployment rates have large numbers of potentially eligible new hires, including California with more than 756,000, New York with nearly 340,000, Florida with more than 300,000, and Michigan more than 185,000. Full state-by-state data is available in Table 5 of the new report.

Using monthly data from the Current Population Survey, Treasury estimated that, from February 2010 to June 2010, 5.6 million workers who had been unemployed for eight weeks or longer were hired by employers who are eligible for the HIRE Act payroll tax exemption. If the 5.6 million newly hired employees remain employed for the rest of the year, their employers would be eligible for an estimated \$6.2 billion in payroll tax savings. Furthermore, if three quarters of the workers remain employed for 52 weeks, then their employers would receive another \$4.2 billion in tax credits for these hires, bringing the potential tax savings to \$10.4 billion.

The HIRE Act tax exemption is still available for the remainder of 2010 to employers who hire unemployed workers. Treasury's Office of Economic Policy will estimate the number of newly hired workers whose employers qualify for the HIRE Act tax exemption and update this report monthly through the end of the year.

To view the full report, please visit link below.

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