

## U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Treasury Releases Updated Analysis of Reach of Hire Act Tax Credit

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### *Estimate Shows 8.1 Million Newly Hired Employees Eligible for HIRE Act Tax Exemption*

**WASHINGTON** – The U.S. Department of the Treasury today released an updated report showing that from February to August 2010, businesses have hired an estimated 8.1 million new workers who had been unemployed for 60 days or longer, making those businesses eligible to receive billions in the Hiring Incentives to Restore Employment (HIRE) Act tax exemptions and credits for hiring long-term unemployed workers.

"Targeted programs like the HIRE Act tax credit provide an incentive for private-sector employers to hire new workers sooner than they otherwise would," said Alan B. Krueger, Assistant Secretary for Economic Policy and Chief Economist at the Treasury Department. "Since it's only in effect through the end of the year, the HIRE Act encourages businesses to accelerate hiring in order to get the maximum benefit from this temporary tax credit."

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.

Treasury's updated 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 1.1 million, Ohio with nearly 350,000, and Michigan with more than 260,000. Full state-by-state data is available in Table 6 of the report.

The updated report also includes data from the Current Population Survey on the industries in which the newly hired workers were employed prior to their period of unemployment and the industries in which these workers found jobs. About one fifth of newly hired exemption-eligible workers were previously employed in the construction industry, for example. Similarly, employers in the construction industry have hired the largest share of exemption-eligible workers since February 2010, though that share is slightly lower than the share previously employed in construction.

Comprehensive data on the use of the HIRE Act from the Internal Revenue Service will not be available until after employers file tax returns in 2011. In the interim, Treasury's Office of Economic Policy will provide monthly estimates of the number of newly hired workers whose employers potentially qualify for the HIRE Act tax exemption through the end of the year.

To view the full report, please visit link below.

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#### LINKS

- [Full Report](#) 

