

## Senate approves bill for employer tax credit and transportation spending

Posted By [Gautham Nagesh](#) On February 24, 2010 @ 5:16 pm In [Breaking Politics](#), [Business](#), [DC Exclusives](#), [Economic outlook](#), [Economic policy](#), [Economic stimulus](#), [Economy](#), [Feature:Politics](#), [Government spending](#), [Jobless](#), [Jobs](#), [Middle Column](#), [National taxes](#), [Politics](#), [Senate](#), [Spending](#), [Stimulus](#), [Stimulus Package](#), [Tax](#), [Taxes](#), [US](#), [United States Senate](#) | [3 Comments](#)

The Senate passed a \$15 billion spending bill on Wednesday that gives employers a tax break for new hires and authorizes billions more for transportation projects. Senate Majority Leader Harry Reid said the bill will create or save more than 1 million jobs, while critics contended it will have minimal impact on unemployment while adding to the federal deficit.

"The reason this bill is so good is it doesn't raise taxes, it cuts taxes. It's no deficit spending and it causes people to go to work immediately," said Reid in a [video](#) <sup>[1]</sup> posted to his web site Tuesday.

The bipartisan bill passed the Senate 70-28 after several Republicans joined the Democrats in voting yes. It includes a tax write-off of up to \$250,000 for small businesses, "Build America" bonds to fund state and local projects, and a tax break for employers that hire people who have been out of work for more than 60 days. Employers would receive an additional \$1,000 tax credit if the worker stays on for at least a year.

"It's just not going to work," said Curtis Dubay, a senior tax policy analyst with the Heritage Foundation. "It's window dressing to show that Congress is doing something to help create jobs."

Reid claims the bill's one-year extension of highway spending alone will save more than 1 million jobs. In contrast, the administration claims the Recovery Act, which includes more than \$500 billion in federal spending, has [saved a total of two million jobs](#) <sup>[2]</sup>.

When asked why Reid expects a much better rate of return from this effort his spokesperson sent the following citation for the one million jobs saved figure:

According to the American Association Of State Highway And Transportation Officials, extending the current highway bill would save 1 million jobs. [Media Conference Call with John Horsley, Executive Director, American Association Of State Highway And Transportation Officials, 2/17/10]

Tad DeHaven, a budget analyst at the Cato Institute said the bill authorizes an additional \$140 billion in transportation spending, despite the \$15 billion price tag Senate Democrats have been touting. DeHaven said the money is being transferred from the Treasury's general fund, making it by definition deficit spending. He also criticized Reid's 1 million jobs figure.

"I think the estimates of jobs created with these various federal efforts, you could just write down numbers on pieces of paper, throw them in a hat, pull out a figure and it is likely to be just as accurate," DeHaven said.

The bill is taking heat from both the right and the left, with unions [complaining](#) <sup>[3]</sup> it is little more than a Band-Aid for the ailing economy. On the right, fiscal hawks argue the bill will add to the already ballooning deficit.

New Hampshire Republican Judd Gregg, the ranking Republican on the budget committee, raised a point of order before the vote, arguing the bill's spending was not paid for, a violation of the pay-go principles recently adopted by Congress. The Senate voted to wave that point of order by a vote of 62 to 34.

"The majority leader's claims that this bill is fully paid for and will not add to the deficit are blatantly false," said Gregg. "In 2010 alone, the bill will increase the deficit by \$4.5 billion."

“Beyond the deficit impact of the whole bill, the highway extension title of the Reid bill alone will immediately increase the debt with a \$19.5 billion transfer from the Treasury General Fund to the Highway Trust Fund upon enactment. Using two budget gimmicks, another \$27 billion would be transferred over the next 10 years, also increasing the debt,” Gregg said in a statement, adding that the bill proves that the new statutory pay-go requirement is “simply window dressing”.

“Today we are seeing just how ineffective pay-go really is, and how easily it can be cast aside when deemed inconvenient.”

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[1] video: **[http://reid.senate.gov/newsroom/022310\\_jobs.cfm](http://reid.senate.gov/newsroom/022310_jobs.cfm)**

[2] saved a total of two million jobs: **<http://www.washingtonpost.com/wp-dyn/content/article/2010/02/23/AR2010022302675.html>**

[3] complaining: **<http://budget.senate.gov/republican/pressarchive/2010-02-19BudgetPerspective.pdf>**

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