



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503**

July 10, 2012
(Senate)

STATEMENT OF ADMINISTRATION POLICY

S. 2237 – Small Business Jobs and Tax Relief Act

(Sen. Reid, D-NV, and 6 cosponsors)

The Administration strongly supports Senate passage of S. 2237 to give small businesses a tax break for increasing wages, creating new jobs, and making new investments. By providing targeted tax relief to the businesses that are expanding their workforce and making new investments in capital, S. 2237 will help spur economic growth and job creation and strengthen the recovery. Targeted tax relief for small businesses is one of the five to-do items the President has called on the Congress to pass as part of a concrete plan that creates jobs and helps restore middle class security.

Under S. 2237, nearly two million companies that make new hires or increase wages would receive a 10 percent income tax credit on their new payroll, encouraging over \$200 billion in new hiring and pay raises. Because the credit is limited to \$5 million in new wages (for a credit of up to \$500,000 per firm), S. 2237 is particularly beneficial to small businesses. S. 2237 is also focused on middle class workers. Because the credit is based on the Social Security wage base, companies would receive no credit for increasing wages above \$110,100. The Congressional Budget Office recently found this type of targeted tax relief to be the single most effective business tax option for boosting hiring and spurring economic growth.

S. 2237 would also put an additional \$50 billion in the hands of businesses over this year and the next by extending the 100 percent expensing provision that the President signed into law in December 2010, which rewards firms for making new investments by allowing them to immediately deduct the full value of those investments in calculating their taxable earnings. S. 2237 provides a direct incentive for companies to hire workers and make the sorts of investments that will boost economic growth. In addition, this legislation ensures that companies that are actively cutting their workforce or that offer raises only to already well-paid executives would be ineligible for the tax relief.

The President believes that entrepreneurs and small businesses are engines of innovation and economic growth and are currently at the forefront of the Nation's economic recovery. The proposals in S. 2237 build on the 18 small business tax cuts that the President has already signed into law, ranging from the small business health tax credit to the temporary tax exclusion of capital gains from key small business investments. Congress should act now to help American small businesses hire and grow with targeted tax relief designed to boost jobs, rather than enacting additional costly tax cuts for the most fortunate.

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