

MEMORANDUM

TO: All Members of the House of Representatives

FROM: Rep. Matt Bradford

DATE: January 3, 2011

SUBJECT: Small Business Job Creation Program

In the near future, I intend to reintroduce legislation that would provide credits against liability for taxes imposed for taxable year 2011 to employers for increasing employee salaries above the consumer price index (CPI-U) or for growing their overall staff complement by hiring new employees. Similar to federal legislation enacted last year, my bill will offer a larger credit – 20% – to businesses with 100 or fewer employees, and a smaller tax credit – 15% – to larger companies. As an example: A small firm that hires a qualifying new employee would be eligible for a credit of up to \$500 to be applied against the applicable tax, be it corporate net income tax or, in the case of Subchapter-S corporations, the personal income taxes of its partners. Also, a company that awards raises above the CPI-U would be eligible for a credit equal to 10% of the additional Social Security taxes due on the increase.

The intent of this credit is to help businesses and new employees through the pivotal first year of new employment by offsetting such initial personnel costs as training and orientation. To incentivize early hiring, the tax credit would be available to employers on a quarterly basis. Businesses of fewer than 250 employees can claim the credits, but are capped at \$10,250 for each business (or 25 employees).

If you would like to co-sponsor this legislation, please contact Frank Iannuzzi in my office at 717-772-2572 (Democratic Caucus 6628) or e-mail fiannuzz@pahouse.net. Thank you.