

## STUDY SAYS, SMALL BUSINESS TAX CUT BILL COULD BE THE CATALYST TO A MILLION NEW JOBS



The Senate voted Tuesday to commence discussion on a bill to give tax breaks to small businesses that hire new workers or boost pay for existing workers. Even though it met with an overwhelming 80-14 favorable response, there is an underlying fear that owing to various reasons the small business bill may not pass the chamber. "You have to wonder whether the bill that we will go to shortly is a serious exercise," said Senate Minority Leader Mitch McConnell, R-Kentucky, shortly before the vote, as he noted a procedural technicality could scuttle the bill even if the Senate did approve it. "So I'm not sure that the majority is interested in passing something." The pessimism excluded, the bill could prove to be just the impetus needed to boost the grim jobs scenario in the country. An economic analysis estimates that the small business tax cut bill that the Senate is due to pass, would be the catalyst that could create almost 1 million jobs. The Small Business Jobs and Tax Relief Act would encourage through tax benefits, businesses that generate employment. Among other things it would grant small businesses 10 percent tax breaks for expanding payrolls either through hiring or raises. Moreover, it would lengthen for a period of twelve months, 100 percent bonus depreciation that businesses can take on assets. Current law caps the write-off of those costs at 50 percent. The bill also has a provision for a break on the alternative minimum tax for corporate taxpayers. It is expected to cost about \$28 billion. A private group Regional Economic Models, Inc., says that, based on the appraisals from Congress' Joint Tax Committee and information from the Small Business Administration, it estimated that not only would the bill boost personal income by \$73 billion, it would add about \$87 billion to the GDP, but the best of all, it was likely to create 990,592 jobs. The bill is reflective of the Senate Democrats desperation to speed up efforts and to take drastic measures that will reflect well on the dismal employment figures. This popular measure is something that the Republicans will be hard put to oppose and it must have put them on the defensive. The Republicans are still pondering over the options and seeing if they can add some amendments to the bill, to make it seem less like an all Democratic initiative. "Creating close to one million jobs would put a meaningful dent in the unemployment problem," said Sen. Chuck Schumer (D-N.Y.), the head of the Senate Democrats' policy and messaging efforts. "This tax cut is not a cure-all, but it could be a difference-maker for small firms on the fence about adding payroll. After last month's sluggish jobs numbers, we may be on the verge of a rare moment of agreement on how to help the economy." The bill will also be a strong rejoinder to the \$46 billion small business tax cut sought by House Majority Leader Eric Cantor (R-Va.), which the Democrats and experts felt was excessively inclined towards the wealthy, especially favoring doctors, finance firms and even sports teams. Moreover, the bill whilst providing them with benefits, did not burden them with requirements of increasing employment as the new bill has done.