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Bipartisan Business Tax Relief Introduced in House

Reps. Peters, Reichert, Larson, and Tiberi Introduce Bill to Allow Companies to Use Accrued Tax Credits Now to Create 235,000 Jobs

Washington, D.C. – A bipartisan group of legislators today introduced the *American Job Creation and Investment Act* to provide business tax relief estimated to create hundreds of thousands of new jobs. The bill, introduced by Representatives Gary Peters (D-MI), John Larson (D-CT), David Reichert (R-WA) and Patrick Tiberi (R-OH), would allow companies to use existing Alternative Minimum Tax credits they now hold but otherwise must save for future years to be used this year for job creation, retention or capital investments.

The bill is estimated to directly create over 65,000 new jobs and help businesses retain 170,000 jobs in 2010 and 2011, plus spur \$40 billion in additional job creating investment. A wide array of industry associations endorse the bill, including the U.S. Chamber of Commerce, the National Association of Manufacturers, Motor and Equipment Manufacturers Association, Associated Builders and Contractors Association and the Association for Manufacturing Technology.

Congressman John B. Larson (CT-01), Chairman of the Democratic Caucus, said, **“This bill will make it easier for companies around the country to speed up hiring and put more Americans back to work. □ Businesses are the engine of job creation in this country.□ When we make it easier for them to hire and invest in their business, we are helping to revitalize our economy for the long term. This bill will help every sector of our economy including, manufacturers, energy companies, auto companies and high tech. I commend**

my colleague Gary Peters, a member of the Democratic Caucus Jobs Task Force, for his creative bi-partisan approach to finding solutions to the unemployment crisis.”

A full summary of the American Job Creation and Investment Act follows.

The American Job Creation and Investment Act

Outline of Proposal

1. This proposal would allow struggling companies that do not benefit from similarly-designed incentives to use existing alternative minimum tax (AMT) credits for future years this year instead to create jobs and invest in their businesses.

1. **Corporate AMT** – Current tax law requires corporations to compute their tax liabilities under the regular income tax and corporate AMT and pay whichever is greater. Though it adheres to many of the rules of the regular tax, the corporate AMT applies a lower and fixed statutory rate to a broader definition of taxable income and a less generous set of deductions.

2. **AMT Credit Explanation** - Differences in the timing of certain deductions, especially for depreciation allowances, account for a significant amount of the increase in tax liability under the corporate AMT. Firms paying the corporate AMT are granted a credit for those payments, which may be used only to offset future regular taxes at a time of positive tax liability. Companies with unused AMT credits essentially are making interest-free loans to the federal government, to be repaid only when the company has sufficient regular income tax liability in the future. Currently, the economic benefit of AMT credits is denied at precisely the time companies are in greatest financial need

3. **Creation of jobs and new investment** – This would help companies create new jobs and invest in new manufacturing facilities and equipment. For 2010 and 2011, companies would be able to utilize their existing AMT credits up to: (1) 20% of new employee wages capped at \$20,000 per employee per year and (2) 20% of new investments in manufacturing facilities and equipment purchased or placed into service in 2010 and 2011.

4. **Retention of jobs** – A company would also be allowed to utilize existing AMT credits to help retain jobs in the U.S. AMT credit utilization would be capped at 10% of the companies' domestic wages and based on their 2009 U.S. employment not to exceed \$10,000 per employee.

5. **Rapid utilization** – This program would apply only for 2010 and 2011, to encourage rapid

utilization. To further accelerate the economic impact of allowing companies to utilize their AMT credits, the proposal would allow for an expedited refund process similar to current laws for net operating losses.

Job Creation and New Investment Estimates

1. Over 65,000 new jobs created in 2010 and 2011
2. Over 170,000 retained jobs in 2010 and 2011
3. Over \$40 billion in new investment in 2010 and 2011, which will have a substantial multiplier effect, creating significant numbers of additional jobs

Broad Industry Support

1. This proposal helps multiple sectors of the economy including: manufacturers, airlines, energy companies, auto companies and suppliers, and high tech.
2. The companies and industry groups that support this proposal include: U.S. Chamber of Commerce, National Association of Manufacturers (NAM), The Association For Manufacturing Technology (AMT), the Motor & Equipment Manufacturers Association (MEMA), and the Associated Builders and Contractors Association.

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