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REID, BAUCUS INTRODUCE UNEMPLOYMENT INSURANCE, HOMEBUYER TAX CREDIT EXTENSION

*Senators Introduce Package to Reinstate Eligibility for Unemployment Insurance Benefits,
Extend Homebuyer Tax Credit*

Washington, DC – Majority Leader Harry Reid (D-Nev.) and Senate Finance Committee Chairman Max Baucus (D-Mont.) introduced legislation today to reinstate federal unemployment insurance benefits and extend the purchase closing date for new homebuyers to qualify for tax credits.

“The bill that Chairman Baucus and I introduced today would restore critical assistance that unemployed workers depend on to help make ends meet,” said Reid. **“In addition, we’re trying to extend the closing deadline for homebuyers in Nevada and across the country who have already qualified for the first-time homebuyer tax credit and need some extra time to close on their new home and experience the American Dream of homeownership. These common-sense solutions to help millions of Americans deserve bipartisan support and should be passed swiftly.”**

“Folks in Montana and across the nation are struggling to find jobs in this tough economy, and every day these benefits are lapsed is another day Americans worry how they will feed their families while they look for work. This bill restores the support American workers so desperately need and extends tax cuts for homeownership, which is the backbone of the American dream,” Baucus said. **“I urge my colleagues to stand with us to support American families and restore the unemployment insurance benefits that are often the only lifeline many workers have in this tough economy.”**

The legislation Reid and Baucus introduced today will retroactively reinstate federal unemployment insurance, so that Americans who lost their benefits when the program expired at the end of May can receive the support they need while they look for work. And the bill will extend federal unemployment insurance benefits, so Americans who lose their jobs through no fault of their own can continue to receive the benefits they depend on through November 2010.

Additionally, the bill extends the date new homebuyers who are already under contract must close by to qualify for the Homebuyer Tax Credit from July 1 to September 30, 2010 so that more American homebuyers can benefit from this successful program.

Reid and Baucus have been fighting for months to extend these provisions as part of a larger package to create jobs and provide tax cuts that was repeatedly blocked from moving forward on the Senate Floor. Reid and Baucus introduced today’s bill as a substitute amendment to that legislation, the American Jobs and Closing Tax Loopholes Act, in order to provide American workers and homeowners with the immediate benefits and tax cuts they need.

A summary of the legislation Reid and Baucus introduced today as a substitute amendment to the American Jobs and Closing Tax Loopholes Act follows below.

Summary of Reid-Baucus Substitute Amendment

Unemployment Insurance

Extension of Emergency Unemployment Compensation (EUC) program - The Emergency Unemployment Compensation (EUC) program phased-out at the end of May 2010. This program provides (depending on a State's unemployment rate) up to fifty-three (53) weeks of extended benefits. The bill would extend the EUC program through November 2010 and is retroactive.

Extension of Extended Benefits (EB) program - 100% Federal funding for the Extended Benefits (EB) program phased-out at the end of May 2010. This program provides up to an additional 13 to 20 weeks of benefits in certain States (i.e., 13 weeks for States at or above 6.5% unemployment and another 7 weeks for States at or above 8% unemployment). The bill would extend full funding for the EB program through November 2010.

Eliminating the penalty for part-time employment in the Emergency Unemployment Compensation (EUC) program - The legislation coordinates EUC Benefits with regular Benefits by providing States with a number of options to allow EUC claimants to remain eligible for the EUC program when they become newly entitled to State unemployment compensation if switching to State benefits would reduce their weekly UI check by at least \$100 or 25 percent.

The three provisions immediately above are estimated to cost \$33.9 billion over ten years.

Homebuyer Tax Credit

Extension of Closing Date for Homebuyer Tax Credit - As part of the Worker, Homeownership, and Business Assistance Act of 2009, the homebuyer tax credit was expanded and extended to allow homebuyers to receive a tax credit for the purchase of a qualifying home through April 30, 2010. Homebuyers can benefit from the tax credit up to July 1, 2010 if they entered into a binding contract by April 30, 2010 and close on the home within 60 days. This provision extends the closing date for homebuyers who entered into a binding contract by April 30, 2010, allowing them to be eligible for the tax credit if they close on the home before October 1, 2010. *The provision is estimated to cost \$140 million over ten years.*

Other Provisions

Change to the Travel Promotion Act (TPA) - This provision delays the timing of when the Department of Homeland Security is supposed to transfer the initial set-up fee for the Travel Promotion Board. The original act required DHS to begin transferring the \$10 million initial set-up fee on January 1, 2010 and to complete the initial transfer by the end of fiscal year 2010. The amended provision requires DHS to transfer monies collected as the money comes in with the completion of the initial transfer to be completed by the end of fiscal year 2011. The change also delays by 1 year the dates upon which the Travel Promotion Board must begin matching funds DHS transfers to The Travel Promotion Corporation (from 2011 to 2012). Therefore, instead of sunseting in 2014, the fee collection sunsets in 2015. *This provision is estimated to save \$95 million over ten years.*

Disclosure of Prisoner Return Information to State Prison Officials - In June 2010, the Treasury Inspector General for Tax Administration (TIGTA) released a report estimating that about 1,300 prison inmates (more than 90 percent of whom were state prison inmates) claimed and received more than \$9 million in fraudulent first-time homebuyer tax credits. TIGTA's report noted that, under current law, the IRS may exchange with officers and employees of the Federal Bureau of Prisons certain tax return information with respect to prisoners whom the Secretary has determined may have filed or facilitated the filing of false or fraudulent tax returns. Current law allows the IRS to exchange information with State prison officials in limited circumstances. State prison authorities have stated that a cooperative effort is necessary to combat prisoner tax fraud. To permit effective tax administration, the bill would allow the IRS to disclose tax return information to officers and employees of State agencies charged with the administration of prisons. *This provision is estimated to raise \$6 million over ten years.*

Rescissions to Appropriations Accounts - The amendment rescinds \$94 million from non-Recovery Act Defense Department unobligated balances which will expire on September 30, 2010, and are excess to current requirements. *This provision is estimated to save \$45 million over 10 years.*

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