



Bill Analysis: Halting International Relocation of Employment (HIRE) Act

Note: Despite the similar title, this bill is not related to the [H-2 Improvements to Relieve Employers \(HIRE\) Act of 2023](#).

Introduction

The [Halting International Relocation of Employment \(HIRE\) Act](#) was introduced in the Senate on September 5, 2025, by Senator Bernie Moreno (R-Ohio). The bill seeks to tackle the offshoring of U.S. jobs by creating significant financial disincentives for companies that hire foreign workers for services ultimately benefiting U.S. consumers. It follows Moreno's recent introduction of the [Strengthening Accountability for Employers Hiring Individuals and Reforming Enforcement](#) (SAFE HIRE) Act, which separately would create new penalties for the hiring of undocumented workers.

Specifically, the HIRE Act imposes a 25% excise tax on outsourcing payments made to foreign service providers and prohibits companies from claiming tax deductions on such payments.

Revenue generated under the HIRE Act would be directed into a newly created [Domestic Workforce Fund](#), which would finance apprenticeship programs, workforce development initiatives, industry partnerships, and grants to states and communities disproportionately impacted by outsourcing.

Key Provisions

- **25% Excise Tax on Outsourcing Payments:** Applies to payments by U.S. businesses to foreign entities for labor or services when the benefit of those services is directed to U.S. consumers.
- **Denial of Deductibility:** Disallows income tax deductions for outsourcing payments, further increasing the cost of offshoring.
- **Domestic Workforce Fund:** Establishes a dedicated fund in the U.S. Department of the Treasury to receive revenues from the outsourcing tax, which will support worker retraining and apprenticeships.
- **Reporting and Certification Requirements:** Requires businesses to report outsourcing payments and empowers the Secretary of the Treasury to demand officer certification under penalty of perjury.
- **Enhanced Penalties and Enforcement:** Increases penalties for failure to pay outsourcing-related taxes and grants the Secretary of the Treasury anti-avoidance authority to address schemes designed to evade the tax.



Promoting Domestic Workers

- **Discourages Outsourcing:** By raising the cost of sending jobs overseas, the bill aims to incentivize companies to retain and create jobs within the United States.
- **Funds Domestic Workforce Development Programs:** Revenue from the outsourcing tax will provide direct investments in apprenticeships, skills training, and state-level programs designed to prepare workers for high-demand industries.
- **Encourages Job Reshoring:** The tax penalty may encourage firms to reshore operations, leading to potential increases in domestic employment and local economic growth.
- **Supports Displaced Communities:** The creation of the Domestic Workforce Fund ensures targeted aid to regions and communities negatively impacted by outsourcing and job relocations.
- **Enhanced Corporate Reporting:** Enhanced corporate reporting and certification requirements on outsourcing practices.

Broader Economic and International Implications

- **Impact on U.S. Businesses:** Companies heavily reliant on offshore services due to the unavailability of workers in the U.S. — particularly in IT, customer support, and back-office operations — would face substantial new costs, potentially leading to higher consumer prices.
- **Effect on Global Trade:** The bill could disrupt international service markets, particularly [India's IT export sector](#), which generates over \$100 billion annually from U.S. contracts. Business groups and foreign governments may raise concerns about protectionism and retaliatory measures.
- **Administrative Challenges:** Enforcing the excise tax requires the U.S. Department of the Treasury and the Internal Revenue Service (IRS) to develop complex rules to distinguish taxable outsourcing payments, prevent avoidance through subsidiaries, and manage reporting obligations.

Conclusion

The *Halting International Relocation of Employment (HIRE) Act* represents an attempt to curb outsourcing. By pairing a steep tax on outsourcing payments with a ban on deductibility, the legislation seeks to make offshoring significantly less attractive while channeling revenue into workforce development and training initiatives in the United States.



However, it is important to note that labor shortages in critical industries across the United States have been a major driver of offshoring, as employers often turn to foreign labor markets to meet demand. Addressing these shortages through domestic workforce development and expanding labor mobility alternatives to the U.S. will be critical to ensuring that the bill's objectives can be fully realized.