



LIU: UPDATED IMPACT OF OBAMA JOBS BILL ON NYC

Analysis of New Data Finds \$9 Billion Boost to City

NEW YORK, NY – The White House recently released additional information on the American Jobs Act, which was proposed by President Obama on September 8, 2011. The Office of New York City Comptroller John C. Liu has taken into account this new information and updated its September 9th preliminary analysis of the President’s plan and the resulting benefits to New York City.

While the information provided by the White House is aggregated at the state level, the Comptroller’s Office conservatively estimated that New York City will receive approximately 40 percent of New York State’s total allocation.¹

The updated analysis finds that the Act could add more than \$9 billion to New York City’s economy and create or maintain over 50,000 jobs. Also noteworthy is the fact, that most of the Act’s benefits are designed to be realized immediately in 2012.

New Financial Impacts of Jobs Bill on NYC

- **Mortgage Refinancing (NYC Impact: \$1.3 billion + 6,700 jobs)**
The program to remove barriers for home owners to refinance their mortgages at today’s historically low interest rates could provide \$1.3 billion to New York City homeowners, resulting in an average annual savings of more than \$6,000 or average monthly savings of \$500 per borrower. These savings would not only help reduce the risk of foreclosure but also help stimulate the local economy by creating or preserving up to 6,700 jobs during 2012.
- **Infrastructure Investments (NYC Impact: \$2.3 billion + 17,000 jobs)**
Over time, the plans to improve our country’s infrastructure could provide \$2.3 billion in funds to help modernize the City’s transportation, school, and housing infrastructure, thus supporting over 17,000 jobs.²

¹ The 40 percent allocation is an estimate based on New York City’s portion of New York State population (42.9 percent) and New York City’s share of the State’s allotment of American Reinvestment and Recovery Act funds to localities (45.75 percent).

² Infrastructure job estimates are based on the Bureau of Economic Analysis’ employment multiplier for the construction industry which indicates that every \$1 billion in increased infrastructure spending in the City will support 7,500 jobs.

- Local Educational & First-Responder Aid (NYC Impact: \$700 million)
The aid to prevent the layoffs of teachers and additional support for police officers and firefighters could provide over \$700 million in funding to the City to help restore 3,700 teaching positions and maintain or increase uniformed Police and Fire headcounts.

Existing Impacts on NYC Outlined in September 9th Advisory

- Employee Payroll Tax Cut (NYC Impact: \$4.8 billion + 25,000 jobs)
The payroll tax cut could provide a total benefit of \$4.8 billion to New York City workers and create or preserve 25,000 jobs during 2012. Benefits will vary depending on individual salaries. For example, a worker earning \$25,000 would receive an annual tax cut of just \$775, while a worker earning \$100,000 would receive an annual tax cut of \$3,100.
- Extension of Emergency Unemployment Benefits
Extension of the emergency unemployment benefits would help a portion of the 190,000 City residents who have been unemployed for more than 26 weeks.

Other provisions are more difficult to precisely estimate and include:

- Employer Payroll Tax Cut
The employer payroll tax cut will reduce the employer's payroll tax on the first \$5 million in payroll from 6.2 percent to 3.1 percent.
- Payroll Tax Holiday for Added Workers or Increased Wages
The payroll tax holiday will eliminate the employer payroll tax on increased payroll from either additional hiring or wage increases.

Comptroller Liu's preliminary analysis clearly indicates that the Act will significantly benefit the City's employees, businesses, and government. However, what is much less clear are which specific revenue strategies will be used to finance the tax cuts and spending measures.

As discussions continue in Washington and more details emerge, Comptroller Liu will update New Yorkers accordingly.

The full analysis can be found at:

http://comptroller.nyc.gov/press/2011_releases/pdf/PR11-09-074a.pdf

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