

JOB CREATION AND WORKER ASSISTANCE ACT

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March 7, 2002

FISCAL YEAR	TOTAL BUDGET IMPACT	TAX RELIEF	SPENDING*	SPENDING AS % OF TOTAL
2002	\$51.2 Billion	\$42.6 Billion	\$8.6 Billion	16.8%
2003	\$43.4 Billion	\$38.5 Billion	\$4.9 Billion	11.4%
2002-07	\$94.0 Billion	\$80.6 Billion	\$13.4 Billion	14.3%
2002-12	\$41.9 Billion	\$38.8 Billion	\$3.1 Billion	7.4%

* As offset by increased Unemployment Insurance Revenues

Description of Spending / Unemployment / Health Provisions:

TANF Supplemental Grants for Population Increases and Contingency Fund – extends for FY 2002, the mandatory supplemental grants under TANF for states with population increases and the contingency fund for states.

Extension of Unemployment Benefits -- Permits States to use federal funds to temporarily extend unemployment compensation for up to 13 weeks for those who have exhausted benefits (retroactive to applicants since March 15).

Additional Extension of Unemployment Benefits -- Current law provides for extended unemployment benefits (up to 13 weeks) when a state's insured unemployment rate reached 5%. Benefits are paid 50% by the federal government and 50% by the state. The bill modifies current law by reducing the trigger to 4% and providing 100% federal funding during calendar year 2002.

Transfers to State Unemployment Funds – effectively repeals the 1997 Balanced Budget Act provision that capped distributions under current law from the Federal Unemployment Trust Fund to the States at more than \$100 million annually. The Federal government retains the remainder of funds that would otherwise be dispersed. This Budget Act provision is set to expire so that full payments would flow to the States starting in 2003. New funds made available to the States must be used to pay regular or increased unemployment benefits or provide extended benefits for those who have exhausted regular benefits or other cash benefits for those who do not qualify for regular benefits. (NOTE: Since this provision simply advances funds that would

already be provided to the States in future years, it does not result in net increase in spending over the next several years.) The bill caps the transfer at \$8 billion.

Description of General Tax Provisions:

Expanded Depreciation-- allow an additional first-year depreciation deduction equal to 30 percent of the adjusted basis of certain qualified property that is placed in service after September 10, 2001 and before September 11, 2004. Includes a hold-harmless provision that ensures that companies are not subjected to the corporate AMT as a result of this provision. (\$35.3 billion in FY '02 and \$35.4 billion in FY '03, \$15.8 billion over ten years)

Net Operating Losses -- temporarily extend the general net operating loss (NOL) carryback period to five years (from two years) for NOLs arising in taxable years ending during 2001 or 2002. Temporarily suspends the Alternative Minimum Tax's 90% limitation on the allowance of losses. (\$7.9 billion in FY '02, \$6.6 billion in FY '03, \$2.1 billion over ten years)

Teacher Deduction for Educational Expenses – permits a new deduction of up to \$250 for expenses incurred by teachers for materials used in the classroom.

Foster Care – The bill allows foster care payments to be deducted regardless of whether they're received from a state agency or a private agency.

Extensions of Expiring Provisions – Extends numerous provisions that are set to expire this year or next, including Archer MSAs and the Welfare-to-Work Tax Credit.

Technical Corrections – Includes numerous corrections to previous tax bills.

Description of New York Specific Tax Provisions:

Provides \$484 million in tax breaks for the New York Recovery in FY '02, \$789 million in FY '03, and \$5 Billion over ten years.

- Bonus depreciation (in addition to the 30% bonus provided to everyone)
- Reduces recovery period for leasehold improvements from 15 years to 5 years
- Increases Section 179 Expensing by up to \$35,000
- Authorizes \$8 billion of tax-exempt NY Liberty bonds
- Provides businesses with 200 or fewer employees located in the Liberty Zone (mainly Manhattan) with a retention wage credit equal to \$2,400 per employee in 2002 and 2003. (NEW PROVISION)
- Allows an additional advanced refunding for certain outstanding tax-exempt bonds used to finance facilities within New York City

Items Included in Previous Stimulus Bills, But Not Included In This Bill:

TAX ITEMS:

Provision	Tax Relief First Year	Tax Relief Ten Years
Acceleration of the 25% rate reduction	\$6.9 Billion	\$45 Billion
Section 179 Expensing for small businesses	\$803 Million	\$219 Million
Reduction in Corporate AMT	\$1.1 Billion	\$16.1 Billion
Leasehold Improvement	\$85 Million	\$9.6 Billion
TOTAL	\$8.9 Billion	\$70.9 Billion

SPENDING:

Provision	Spending First Year	Spending Ten Years
“Rebates” for non-taxpayers	\$13.7 Billion	\$13.7 Billion
Promotion of Qualified High Risk Insurance Pools	\$35 Million	\$90 Million
Employment Training & Health Coverage	\$1 Billion	\$3.9 Billion
Temporary State Health Assistance	\$2.6 Billion	\$4.6 Billion
Refundable Health Care Tax Credit	\$5.1 Billion	\$15.8 Billion
TOTAL	\$22.4 Billion	\$38.1 Billion
