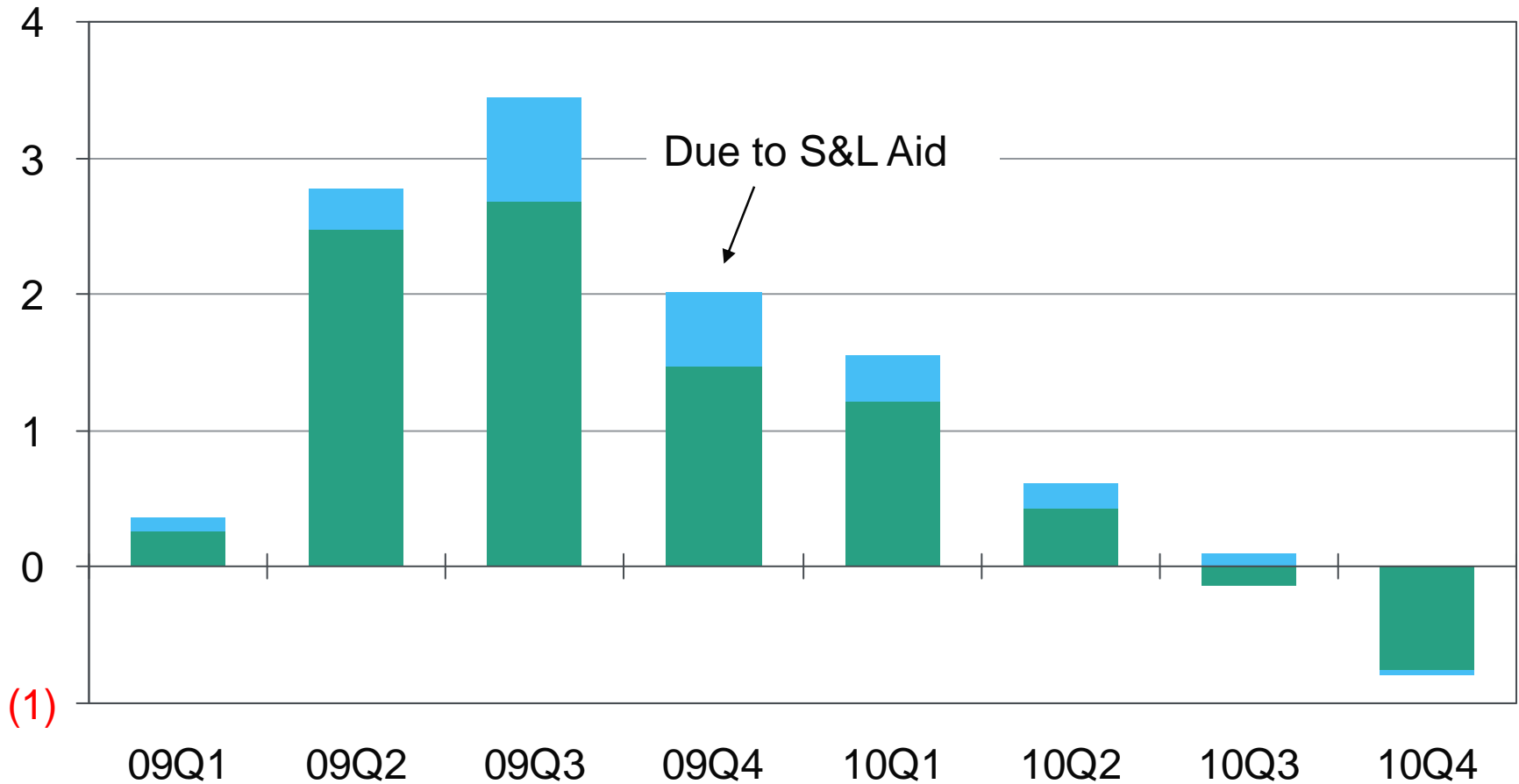


The Case for Another Round of Federal Aid to State & Local Govt

MARK ZANDI, CHIEF ECONOMIST

Stimulus is a Significant Source of Growth

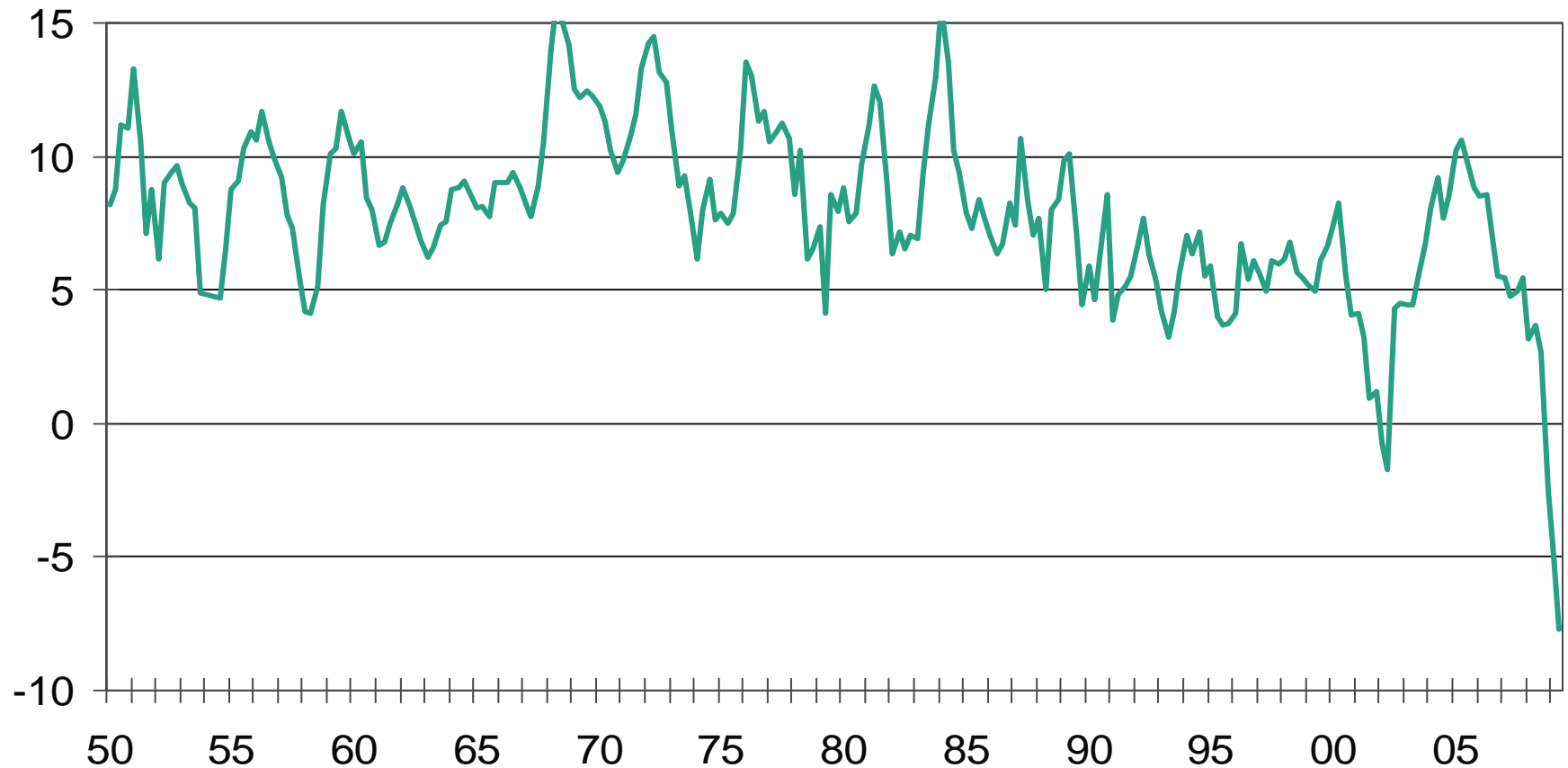
Contribution to real GDP growth, ppt



Source: Moody's Economy.com

State and Local Fiscal Problems Continue...

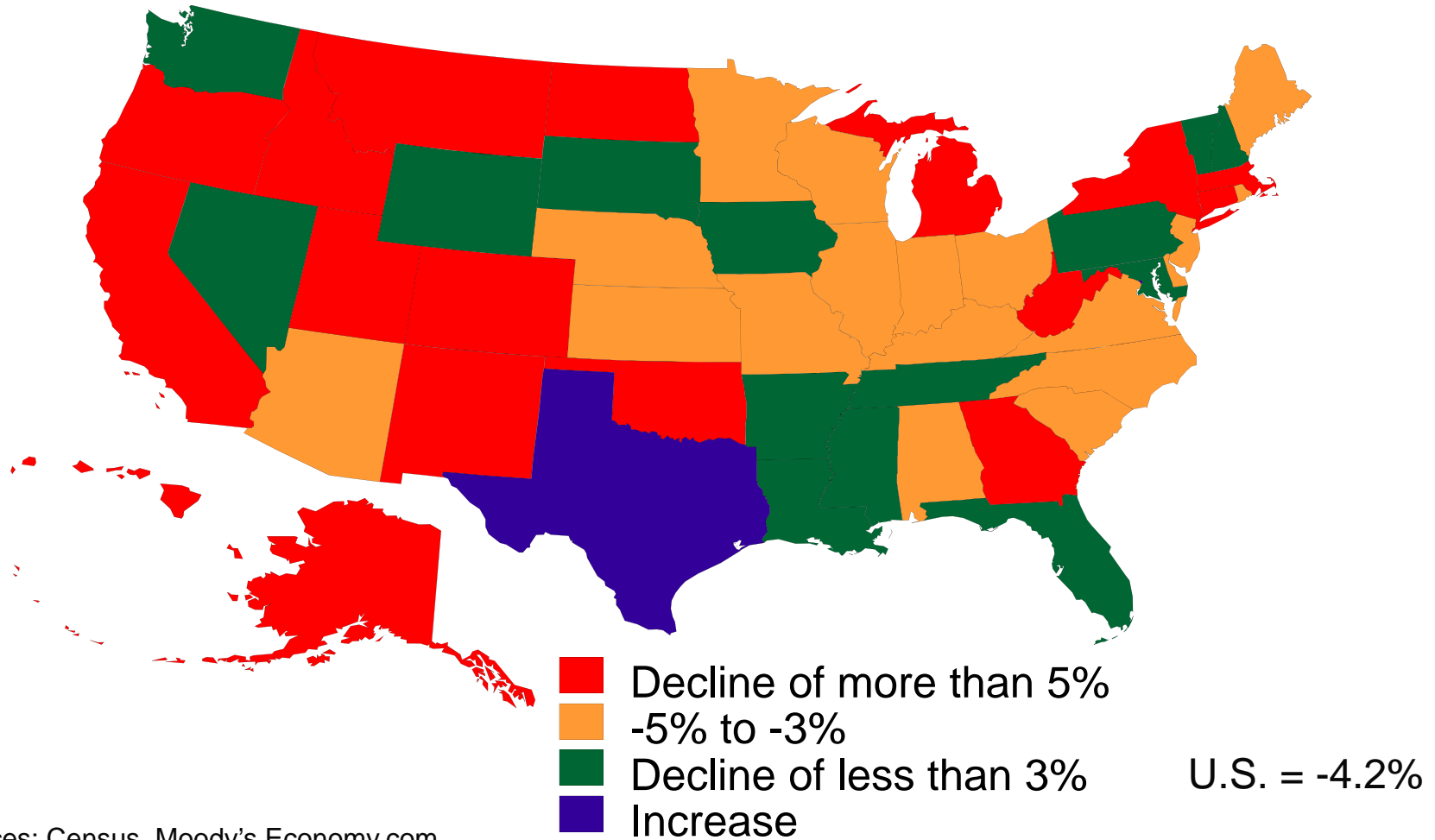
% change year ago in S&L tax revenues



Source: BEA

...Across the Country

% change year ago, FY2010



Sources: Census, Moody's Economy.com

State Aid Has a High Multiplier

Fiscal Stimulus Bang for the Buck

Source: Moody's Economy.com

Bang for the Buck

Tax Cuts

Non-refundable Lump-Sum Tax Rebate	1.01
Refundable Lump-Sum Tax Rebate	1.22
Temporary Tax Cuts	
Payroll Tax Holiday	1.29
Across the Board Tax Cut	1.02
Accelerated Depreciation	0.25
Loss Carryback	0.21
Housing Tax Credit	0.90
Permanent Tax Cuts	
Extend Alternative Minimum Tax Patch	0.51
Make Bush Income Tax Cuts Permanent	0.32
Make Dividend and Capital Gains Tax Cuts Permanent	0.37
Cut in Corporate Tax Rate	0.32

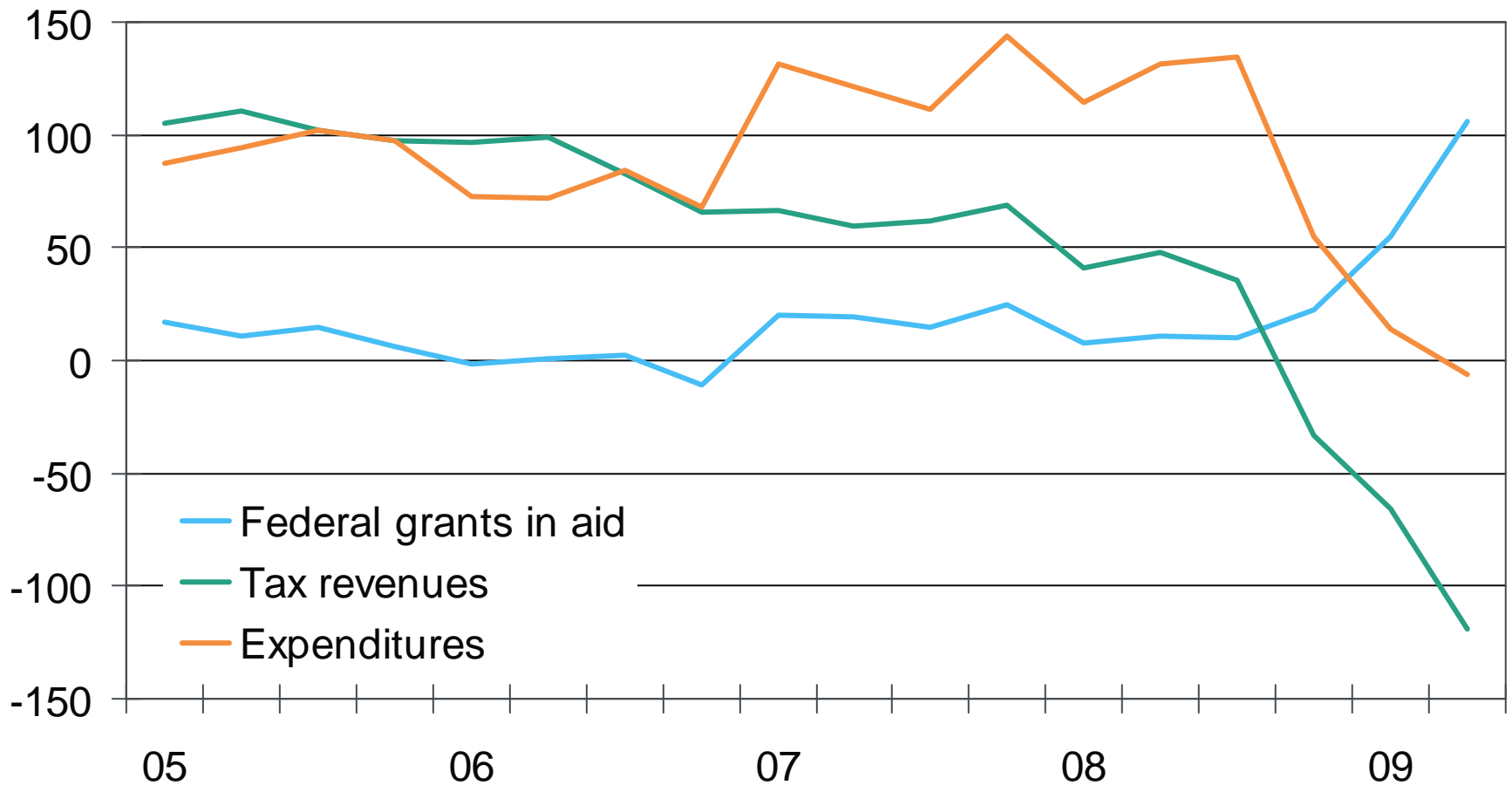
Spending Increases

Extending Unemployment Insurance Benefits	1.61
Temporary Federal Financing of Work-Share Programs	1.69
Temporary Increase in Food Stamps	1.74
General Aid to State Governments	1.41
Increased Infrastructure Spending	1.57

Note: The bang for the buck is estimated by the one year \$ change in GDP for a given \$ reduction in federal tax revenue or increase in spending.

Federal Aid Has Offset the Slide in Tax Revenues

Change yr ago, \$ bil



Source: BEA

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