



INVESTING IN PEOPLE & PUBLIC SERVICES PROVIDES A MUCH BIGGER BANG FOR THE BUCK THAN DO TAX CUTS

The chart below shows that for every \$1.00 spent on state and local government services, the economy benefits by an estimated \$1.34. That's an immediate 34% return on the dollar. By comparison, for every dollar spent on most tax cuts, the economy loses money. For example, \$1 spent on corporate tax cuts returns just 32 cents—a loss of two-thirds of every dollar spent.

FISCAL STIMULUS MULTIPLIERS	Bang for the Buck
INVESTMENTS	
Temporary Increase in Food Stamps	1.71
Extending Unemployment Insurance Benefits	1.55
Increase Infrastructure Spending	1.44
General Aid to State Governments	1.34
TAX CUTS	
Child Tax Credit, ARRA parameters	1.38
Payroll Tax Holiday for Employers	1.05
Across-the-Board Tax Cut	0.98
Accelerated Depreciation for Corporations	0.29
Make Dividend and Capital Gains Tax Cuts Permanent	0.39
Cut in Corporate Tax Rate	0.32
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.	
Source: Mark Zandi, Moody's Analytics	
https://www.economy.com/mark-zandi/documents/2012-02-07-JEC-Payroll-Tax.pdf https://www.cnn.com/2020/05/19/perspectives/state-government-bailout/index.html	