



October 7, 2011

Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

Dear Mr. Leader:

As you requested, CBO and the staff of the Joint Committee on Taxation (JCT) have estimated the budget impact of S. 1660, the American Jobs Act of 2011, as introduced in the Senate on October 5, 2011. CBO and JCT estimate that, in total, enacting S. 1660 would decrease deficits by about \$6 billion over the 2012-2021 period (see enclosed table). That estimated deficit reduction of \$6 billion over the coming decade is the net effect of \$447 billion in additional spending and tax cuts in titles II through III and \$453 billion in additional tax revenue from the surtax specified in title IV.

S. 1660 is similar to S. 1549, the American Jobs Act of 2011, as introduced in the Senate on September 13, 2011. Provisions in title I, II, and III related to both federal revenues and spending are identical for the two bills. The only difference between the bills is that S. 1660 replaces the provisions in title IV (Offsets) of S. 1549 with a surtax of 5.6 percent, starting in 2013, on a taxpayer's modified adjusted gross income in excess of \$1 million (or \$500,000 in the case of a married individual filing a separate return), indexed for inflation. JCT estimates that title IV of S. 1660 would increase revenues by \$453 billion over the 2012-2021 period, whereas title IV of S. 1549 would increase revenues by \$450 billion over that period.

If you wish further details on this estimate, we will be pleased to provide them. The primary CBO staff contact is Theresa Gullo.

Sincerely,

A handwritten signature in cursive script that reads "Douglas W. Elmendorf".

Douglas W. Elmendorf

Enclosure

cc: Honorable Mitch McConnell
Republican Leader

Congressional Budget Office
October 7, 2011

BUDGETARY EFFECTS OF S. 1660, THE AMERICAN JOBS ACT OF 2011, AS INTRODUCED

	By Fiscal Year, in Millions of Dollars										2012-	2012-
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2016	2021
CHANGES IN REVENUES												
Title I. Relief for Workers and Businesses	-235,386	-89,178	19,877	10,123	8,075	6,345	4,058	2,461	1,372	935	-286,487	-271,316
Title II. Putting Workers Back on the Job While Rebuilding and Modernizing America	-27	-56	-56	-56	-56	-55	-54	-53	-52	-51	-252	-517
Title III. Assistance for the Unemployed and Pathways Back to Work	-135	3	50	46	16	-10	-6	-6	-2	6	-21	-38
Title IV. Surtax on Millionaires	<u>962</u>	<u>28,451</u>	<u>25,497</u>	<u>44,414</u>	<u>49,201</u>	<u>53,331</u>	<u>57,092</u>	<u>60,566</u>	<u>64,561</u>	<u>68,633</u>	<u>148,525</u>	<u>452,708</u>
Total Revenue Changes	-234,586	-60,780	45,368	54,527	57,236	59,611	61,090	62,968	65,879	69,523	-138,235	180,837
On-Budget	-17,611	11,540	45,369	54,528	57,236	59,611	61,090	62,968	65,879	69,523	151,062	470,134
Off-Budget ^a	-216,975	-72,320	-1	-1	0	0	0	0	0	0	-289,297	-289,297
CHANGES IN DIRECT SPENDING (Outlays) ^b												
Title I. Relief for Workers and Businesses	*	*	*	0	0	0	0	0	0	0	1	1
Title II. Putting Workers Back on the Job While Rebuilding and Modernizing America	19,949	37,775	33,423	19,616	6,984	1,210	252	1,143	643	-439	117,747	120,556
Title III. Assistance for the Unemployed and Pathways Back to Work	<u>30,335</u>	<u>22,067</u>	<u>1,535</u>	<u>269</u>	<u>60</u>	<u>60</u>	<u>61</u>	<u>61</u>	<u>62</u>	<u>62</u>	<u>54,266</u>	<u>54,572</u>
Total Outlay Changes	50,284	59,842	34,958	19,885	7,044	1,270	313	1,204	705	-377	172,014	175,129
On-Budget	267,237	132,159	34,958	19,885	7,044	1,270	313	1,204	705	-377	461,284	464,399
Off-Budget	-216,953	-72,317	0	0	0	0	0	0	0	0	-289,270	-289,270
NET INCREASE OR DECREASE (-) IN THE BUDGET DEFICIT FROM CHANGES IN DIRECT SPENDING AND RECEIPTS ^a												
Net Changes in Deficits	284,870	120,622	-10,410	-34,642	-50,192	-58,341	-60,777	-61,764	-65,174	-69,900	310,249	-5,708
On-Budget	284,848	120,619	-10,411	-34,643	-50,192	-58,341	-60,777	-61,764	-65,174	-69,900	310,222	-5,735
Off-Budget	22	3	1	1	0	0	0	0	0	0	27	27

Sources: Congressional Budget Office and the staff of the Joint Committee on Taxation.

Notes: Components may not sum to totals because of rounding; * = between 0 and \$500,000.

a. Social Security payroll taxes are classified as "off-budget."

b. Implementing S. 1660 would also cost \$62 million over the 2012-2016 period, assuming appropriation of necessary amounts, to enforce provisions of title III that would prohibit employers from discriminating against job seekers who are unemployed.