# The New York City Council

City Hall
New York, NY 10007

## Legislation Details (With Text)

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| **File #:** | Res 1601-2012 **Version:** * | **Name:** | Congress and the President to reach an agreement on debt reduction before the end of the year that would avert short-term economic damage. |
| **Type:** | Resolution | **Status:** | Adopted |
| | | **In control:** | Committee on Finance |
| **On agenda:** | 12/10/2012 | | |
| **Enactment date:** | | **Enactment #:** | |

**Title:** Resolution calling upon the United States Congress and the President of the United States to reach an agreement on debt reduction before the end of the year that would avert short-term economic damage.

**Sponsors:** Brad S. Lander, Helen D. Foster, Domenic M. Recchia, Jr., Christine C. Quinn, Diana Reyna, Lewis A. Fidler, Robert Jackson, Margaret S. Chin, Mathieu Eugene, Julissa Ferreras-Copeland, Vincent J. Gentile, Letitia James, G. Oliver Koppell, Karen Koslowitz, Darlene Mealy, Michael C. Nelson, James G. Van Bramer, Albert Vann, Jumaane D. Williams, Ruben Wills, James F. Gennaro, Ydanis A. Rodriguez

**Indexes:**

**Attachments:** 1. Committee Report, 2. Hearing Transcript - Finance 12-10-12, 3. Hearing Transcript - Stated Meeting 12-10-12

| Date | Ver. | Action By | Action | Result |
|---|---|---|---|---|
| 12/10/2012 | * | Committee on Finance | Hearing on P-C Item by Comm | |
| 12/10/2012 | * | Committee on Finance | P-C Item Approved by Comm | Pass |
| 12/10/2012 | * | City Council | Introduced by Council | |
| 12/10/2012 | * | City Council | Referred to Comm by Council | |
| 12/10/2012 | * | City Council | Approved, by Council | Pass |

Preconsidered Res. No. 1601

Resolution calling upon the United States Congress and the President of the United States to reach an agreement on debt reduction before the end of the year that would avert short-term economic damage.

By Council Members Lander, Foster, Recchia, the Speaker (Council Member Quinn), Reyna, Fidler, Jackson, Chin, Eugene, Ferreras, Gentile, James, Koppell, Koslowitz, Mendez, Nelson, Van Bramer, Vann, Williams, Wills, Gennaro and Rodriguez

Whereas, On January 2, 2013, barring Congressional and Presidential action, all the tax cuts enacted under President George W. Bush will expire, and there will be $1.2 trillion in automatic sequester spending cuts; and

Whereas, Also due to expire are the payroll tax cut of 2 percentage points, emergency unemployment benefits beyond the standard 26 weeks, and the special depreciation incentive for capital equipment purchases; and

Whereas, According to IHS Global Insight, together these actions would create a ‘fiscal cliff’ that would cost the U.S. economy 3.1 percent of its gross domestic product, pushing it back into recession and likely causing an increase in unemployment, which is already too high at 7.9% nationally; and

Whereas, Income inequality has dramatically increased over the last thirty years, and households with the highest incomes are better able to afford higher tax rates than are middle- and low-income families, as shown by a study from the University of California at Berkley which found that real income among the top 1 percent grew by 52 percent between 1993 and 2010, while that of the bottom 99 percent grew by only 6.4 percent, and found further that the top 10 percent of households in 2010 received 48 percent of all income, up from 35 percent in 1980; and

Whereas, Social Security, Medicare, and Medicaid are central to the vitality of the middle class and keep millions of Americans out of poverty, and federal investments in education and infrastructure are essential to the nation’s future prosperity;

Whereas, New York City, and other large urban centers nationwide, have high concentrations of high-need populations who can ill afford cuts in the federal domestic discretionary spending and entitlement programs they depend upon, programs that are especially important in the wake of Hurricane Sandy, and cuts to federal spending often shift costs to cities and states at moments when they are least equipped to handle them;  and

Whereas, One revenue-raising option reportedly under consideration is limiting itemized tax deductions, which could result in disparate effects in different regions in the county; and

Whereas, According to economists J. Bradford Delong and Lawrence Summers, while normally the Federal Reserve is in a position to offset the economic effects of lower government spending and higher taxes by lowering interest rates, with interest rates currently near zero, the Federal Reserve's main tool to speed up a slowing economy is no longer available; therefore great caution is needed with the pace of deficit reduction, because trying to go too fast could tip the economy back into recession; and

Whereas, President Obama has proposed a long-term deficit reduction plan that takes into consideration the current condition of the economy, the income disparity in this country, and the differing conditions and needs of various parts of the country; now, therefore, be it

Resolved, That the New York City Council urges both political parties to reach an agreement on debt reduction before the end of the year that would avert short-term damage to an already struggling economy, minimize additional burdens on middle and low income families, and prioritize broadly-shared economic recovery, and be it further

Resolved, That in framing debt reduction, the Council appeals to lawmakers to factor in the vast disparity in income among Americans, and the subsequent ability to shoulder necessary spending cuts or tax increases, and preserve the Bush Era tax cuts for 97% of Americans while allowing tax rates on the wealthiest 3% of households to return to the levels of the Clinton Administration; and be it further

Resolved, That the Council urges Congress and the President to enact a deficit reduction plan that takes into account the need to treat different parts of the country equitably; and be it further

Resolved, That the Council of the City of New York calls upon the United States Congress and the President of the United States to reach an agreement on debt reduction before the end of the year that would avert short-term economic damage.

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