




A Job Creation Tax Credit: Q and A with Timothy J. Bartik

Since my [report with John Bishop](#) on a “job creation tax credit” was released on October 20, various questions have arisen about this proposal. I plan to address these questions at this section of the Upjohn Institute website. This posting will be updated as new questions are raised. Feel free to e-mail questions to Tim Bartik at bartik@upjohn.org. If the questions seem of general interest, I may include them in future revisions to this posting.

Questions

1. Won't a “Job Creation Tax Credit” be of less benefit to more economically troubled states and local areas? In state or local areas with high unemployment or slow growth, won't it be the case that almost no employers will be able to use a tax credit that rewards job growth?
 2. Will a Job Creation Tax Credit provide significant benefits to small business?
 3. Is there any evidence from surveys of employers that a Job Creation Tax Credit would work in today's economic climate?
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Answers

1. The brief answer to this question is: “No, the Job Creation Tax Credit (JCTC) will be of considerable benefit even in high unemployment areas”. The brief reason for this answer is that even in high unemployment areas, there are many employers who might be in a position to use this tax credit. [More](#) 
 2. The brief answer is “Yes, it will, if the Job Creation Tax Credit is properly promoted”. The brief reason for significant small business benefits is that there are more gross job gains in the small business sector, and small business is likely to be more sensitive to the cash flow benefits of a Job Creation Tax Credit. [More](#) 
 3. The brief answer is Yes. Evidence from a recent survey of employers suggests that a Job Creation Tax Credit would have effects and costs of similar magnitude to those predicted in the EPI report by Bartik and Bishop. This survey was conducted using a local convenience sample. A larger national sample would provide more complete evidence. [More](#) 
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