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What President Obama means for New York

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What will Barack Obama's presidency mean for New York? There is no great gathering of Gothamites in line for senior White House posts, so the state will not have any particular influence in the new administration. And the Democratic president-elect has pledged to take a bipartisan approach, which suggests no special treatment for blue states.

Still, New York should benefit from the election of the nation's first modern president with an inner city background. Mr. Obama spent five years of his early adulthood in Manhattan and three as a community organizer on Chicago's gritty South Side. He is expected to push an urban agenda that includes increased spending on mass transit, health care and affordable housing—all key to New York's economy and quality of life.

But his tax proposal could more than offset benefits, observers warn.

"I expect that the improvements that President-elect Obama will make in health care, transportation, infrastructure and public housing will benefit the vast majority of working families and middle-class New York City residents," says Assemblyman Hakeem Jeffries, D-Brooklyn.

Rep. Jerrold Nadler, D-Manhattan, adds that Mr. Obama will de-emphasize military spending, of which New York receives little. "The city is going to get a much larger proportion of federal money," the congressman says. He anticipates that Mr. Obama will support federal stimulus packages that include direct aid to the city and state and that his green initiatives will create jobs here.

Income redistribution

But the Obama tax plan would raise the top marginal rate on adjusted gross incomes of \$250,000 or more, while lowering taxes on most people who earn less. New York has more high earners than any state except California. Two years ago, 328,000 New York tax returns showed an adjusted gross income of \$200,000 or more.

E.J. McMahon, a senior fellow at the conservative Manhattan Institute, calculates that over two years, the Obama tax cuts would be worth \$13 billion to some state residents but increases would cost others \$16 billion.

"The income redistribution would bleed off \$3 billion to other states," Mr. McMahon says. In 2007, New York sent \$86.9 billion more to federal government than it got back, the largest discrepancy of any state.

Democratic officials predict that even if the tax outflow increases under the Obama plan, the local economy will gain because people with lower incomes will spend their tax breaks here. The rich "are not folks who were putting money back into our economy necessarily," says Rep. Yvette Clarke, D-Brooklyn.

Mr. McMahon calculates that big earners will react to higher federal rates by exposing less of their income to taxes. That will cost the state \$1 billion and the city \$285 million in revenue, Mr. McMahon estimates.

BEATING A PATH TO THE POTOMAC

HIGH-PROFILE ENDORSERS of victorious presidential candidates often line up for White House appointments. But the payoff for New Yorkers from Barack Obama's success will be scant, as the vast majority endorsed Sen. Hillary Clinton in the Democratic primary. That includes all 23 Democratic members of New York's House delegation.

Robert F. Kennedy Jr. is one New Yorker who may be heading to the Capital. A leader of the environmental group Riverkeeper, Mr. Kennedy could be tapped to head the Environmental Protection Agency. Mr. Obama is expected to name a Treasury secretary quickly. Timothy Geithner, head of the Federal Reserve Bank of New York, is reportedly on the short list for the job. New Yorker Jeh Johnson, an early Obama supporter and partner at law firm Paul Weiss Rifkind Wharton & Garrison, is reportedly in the running for White House counsel.

Eight city politicians—all African-American Democrats—bucked Ms. Clinton to campaign for Mr. Obama, but they lack stature for senior administration posts. They are state Sens. Kevin Parker, Eric Adams and John Sampson of Brooklyn, and Bill Perkins of Manhattan; and Assemblymen Hakeem Jeffries and Karim Camara of Brooklyn, Adam Clayton Powell IV of Manhattan, and Michael Benjamin of the

Bronx

—*Erik Engquist and Matthew Sollars.*

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