



NEW YORK STATE SENATOR

Patrick M. Gallivan

## Senator Gallivan Announces Passage of Job Creation and Taxpayers Protection Act

PATRICK M. GALLIVAN January 19, 2011

Senator Patrick M. Gallivan (R-C-I, Elma), joined with Senate colleagues this morning to announce an aggressive fiscal reform package, the Job Creation and Taxpayers Protection Act of 2011. The package aims to grow private sector jobs while demanding fiscal responsibility from government, primarily through a state spending cap and establishing a two-thirds “super-majority” vote threshold to enact any tax increase.

“For New York State’s working families and small businesses to survive we need to reduce taxes and control state spending. That is the only responsible action, and I am proud that it is the first action the new Senate Majority is taking,” said Gallivan.

Gallivan has co-sponsored all three pieces of legislation that comprise The Job Creation and Taxpayers Protection Act, which provides for the following:

### INCENTIVES FOR PRIVATE SECTOR JOB CREATION

The legislation creates a three-year employer tax credit for every job created, worth up to \$5,000, eliminates the corporate franchise tax for small businesses and manufacturers, while expediting the planned sunset of the personal income tax surcharge levied on small businesses over the last two years. The plan also imposes a moratorium on all new taxes and

fees for businesses. The tax credit can also increase by \$3,000 per employee for employers that hire individuals receiving state unemployment benefits; addressing existing unemployment while reducing existing spending obligations.

“Western New York has been hemorrhaging private sector jobs for decades. This legislation will substantially reduce New York’s tax burden, and demonstrates a commitment to make our region and our state more attractive to businesses looking to relocate and existing ones looking to expand,” said Gallivan. “Small businesses and manufacturing outfits provide the jobs that make up New York’s middle class. It’s time government provides these employers with means and incentives to grow, which will create opportunities for all Western New Yorkers.”

## STATE SPENDING CAP

The Job Creation and Taxpayers Protection Act proposes a constitutional amendment to include a cap holding any increase in spending to 2 percent per fiscal year or 120 percent of the Consumer Price Index, whichever is lower. This measure ensures that any growth in state spending in future years occurs at a responsible and manageable rate.

“State government continues to take more from taxpayers and small businesses through taxes and fees, but everyday people are not seeing any comparable increase in their own incomes. This has proven to be a recipe for disaster. State spending needs to be brought under control and hard choices, when necessary, must be made. Enacting a tax cap through a constitutional amendment is the only way to ensure New York’s government operates within its means, just as New York’s residents do,” said Gallivan.

The spending cap legislation also contains a provision ensuring any state tax revenue collected that exceeds the cap limits would be divided equally between two funds. Half

would be placed into a rainy-day reserve with the remaining being returned to taxpayers in the form of direct tax rebates.

## TWO-THIRDS MAJORITY VOTE TO RAISE TAXES

Over the last two years taxes have increased \$14 billion. Legislation mandating a two-thirds “super majority” for tax increases will make it much more difficult to use tax hikes as the predominating solution to budgetary shortfalls. This legislation also requires a constitutional amendment.

“New York is constantly rated as one of the worst states in the nation to start, relocate, or expand a business, primarily because of the heavy tax burden the state places on private employers. Companies are hesitant to relocate or expand operations when they fear taxes will increase on a year-to-year basis. This legislation will make it much more difficult to raise taxes in times of strife and provide our families and businesses some ease in their own financial planning,” said Gallivan.

“Together these three pieces of legislation mark a stark departure from business as usual in New York State. The Job Creation and Taxpayers Protection Act will create jobs and cut taxes for individuals, families and businesses across the state,” concluded Gallivan.