



NEW YORK STATE SENATOR

John J. Flanagan

Senate Passes A State Spending Cap To Ensure Fiscal Discipline

JOHN J. FLANAGAN January 12, 2016

| ISSUE: **STATE SPENDING**



The New York State Senate today passed legislation that would permanently cap state spending, codifying the self-imposed spending restraint demonstrated with the past five state budgets enacted by the Legislature and Governor. The bill (S5507), sponsored by Senator Joseph Robach (56th Senate District), would limit state spending to a three-year rolling average of inflation. This approach would help end the historic pattern of “boom and bust” cycle budgeting, impose greater fiscal discipline on state government, and continue providing significant savings for taxpayers.

The bill would take effect in the 2017 Fiscal Year. When applying the actual and projected rates of inflation for 2014 (1.6%), 2015 (0.2%), and 2016 (2%), the three year rolling average spending cap for 2017 would be 1.27%. This bill would then result in an expected savings of \$12.8 billion for the state's spending plans in Fiscal Years 2017 through 2019.

Senate Majority Leader John J. Flanagan said, "A permanent state spending cap is the only way to ensure the continuation of five years of spending discipline that has already greatly benefitted taxpayers. New York has demonstrated we can keep spending at or below two percent, but while the Senate has passed a spending cap time and time again, the Assembly hasn't joined us and the Governor hasn't advanced the issue. Permanently capping state spending sends the right message to residents and businesses and helps make our state more competitive by changing perceptions of New York as a tax-and-spend state."

Senator Robach said, "At a time when so many taxpayers and families have to tighten their belts and make hard decisions about how they want to budget their money, it only seems right for state government to do the same. This is sensible legislation that will help to ensure state government is not spending beyond its means and will stabilize state finances during tough economic times."

Since Republicans regained the majority in the State Senate, lawmakers and the Governor have produced five low- or no-growth on-time budgets that spend only what taxpayers can afford, while investing in education, road and bridge repair, and other initiatives that create new jobs.

The self-imposed state spending cap saved taxpayers nearly \$23 billion on a cumulative basis since the 2010-2011 budget. This savings includes the elimination of a \$10 billion deficit inherited from the previous all-Democrat, all-New York City-led government.

New York State is now on much stronger fiscal footing and, in contrast with the excessive spending of the past, has enacted budgets that create a surplus. This bill would ensure the fiscal restraint would permanently continue in the state's budgeting process.

The bill will be sent to the Assembly.

RELATED LEGISLATION

2015-S5507

- Introduced

- - In Committee Assembly
 - In Committee Senate

- - On Floor Calendar Assembly
 - On Floor Calendar Senate

- - Passed Assembly
 - Passed Senate

- Delivered to Governor

- Signed By Governor

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Establishes an annual spending growth cap and increases the maximum capacity of the rainy day fund

May 14, 2015

In Assembly Committee

Sponsored by **Joseph E. Robach**

Do you support this bill?