



NEW YORK STATE SENATOR

John J. Bonacic

## Senate Passes a State Spending Cap to Ensure Fiscal Discipline

JOHN J. BONACIC January 12, 2016

| ISSUE: **TAX CAP, PROPERTY TAX, TAXES**



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) 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.

“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,” said Senator Bonacic.

“Since it has been enacted, the tax cap has saved New Yorkers \$7.6 billion. New Yorkers have demonstrated that 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.”