



NEW YORK STATE SENATOR

Joseph A. Griffo

Griffo and Senate Move to Create Jobs and Protect Taxpayers

JOSEPH A. GRIFFO January 19, 2011

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Griffo's Efforts to Limit Spending, Revive Economy Produce Results in New Senate Bill

Senator Joseph A. Griffo (R-C-IP, Rome) today announced that his efforts to revive New York's economy and reduce state spending and taxes have taken a major step forward with Senate passage of the Job Creation and Taxpayer Protection Act of 2011, which includes a job creation tax credit plan, a state spending cap that would limit spending increases to 2 percent and a two-thirds supermajority vote to raise taxes.

Griffo said that the cap would be an effective tool against spending increases and prevent the type of runaway spending that has endangered New York's fiscal stability. He noted that spending cap, proposed as a constitutional amendment to maximize its power, would require passage by two consecutive Legislatures and the voters.

Griffo, a long-time supporter of reduced state spending through a constitutional spending cap, said that New Yorkers deserve long-term protection from free-spending politicians. "The spending cap needs to be put in place to protect New Yorkers for years to come. The staggering size of the state's deficit should be a lesson that state government cannot spend its way to finding a solution to the issues that face New Yorkers," Griffo said. "The only way to be sure the state spends less money is to adopt a spending cap that will eliminate increases that taxpayers cannot afford." State spending increases would be limited to 120 percent of the Consumer Price Index (CPI) or 2 percent, whichever is less. In any given year, fifty percent of tax revenue that exceeded the cap would be placed in a reserve fund and fifty percent would be returned to taxpayers in the form of direct tax rebates. In addition, the proposal would force the Executive to resubmit a balanced Budget to address any shortfalls in revenue that occur after the submission of the Executive Budget, and make any necessary spending revisions to reflect the declining revenue.

Griffo said the tax credit tied to job creation can help New York revive its economy. "The high cost of doing business in New York State has been a barrier to growth," he said. "This tax credit is an incentive for our employers to what we need most – add jobs to hire the many talented workers who are looking for new careers and new challenges." The tax credit would provide businesses with a three-year tax credit of up to \$5,000 for each new job created. In addition, the plan Griffo seeks to enact would eliminate taxes for small businesses and manufacturers that pay the state's corporate franchise tax and roll back the income tax

surcharge placed on them by Democrats in 2009. It also places a moratorium on new taxes, fees and regulations that are killing private sector job-creation efforts in the state. Griffo said that the tax credit could grow by as much as an additional \$3,000 per job if new hires are taken from the ranks of the unemployed who are collecting unemployment insurance from the State. Such an incentive would help reduce unemployment and the costs borne by taxpayers.

The bill's requirement of a super majority to raise taxes is an important way to control tax increases, Griffo said. "We need to move past the days we just witnessed in these past two years when one party could impose millions of new taxes with the slightest possible majority. If a tax increase cannot summon the kind of bipartisan support that would be need to reach the two-thirds figure, it is not a tax increase that should be passed. Increasing taxes should be the last resort of state government, and this bill helps put new barriers in the way to ensure that this happens." Sixteen states currently require more than a majority vote to increase taxes.

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Watch Sen. Griffo comment on this legislation here:

<http://www.youtube.com/watch?v=42Aum9Okwco>