

GOVERNOR'S PROGRAM BILL

2006

MEMORANDUM

CONCURRENT RESOLUTION OF THE SENATE AND ASSEMBLY

proposing amendments to sections 2, 3, 5, and 17 of article 7 of the constitution, in relation to reforming the budget process of the state of New York

Purpose:

This amendment would enact comprehensive, constitutional reforms to the State's budget process to help ensure that budgets are enacted on-time, transparent, and fiscally responsible.

Summary of Provisions:

Section 1 of the bill would amend section 2 of Article VII of the State Constitution to accelerate the typical Executive Budget submission date to January fifteenth ("the first business day following January fourteenth"). It would require all budgets to be submitted on or before January fifteenth, except where a new Governor is elected, in which case the date is maintained at February 1. It would clearly require the Governor to submit a balanced budget in the general fund.

Section 2 of the bill would amend section 3 of Article VII of the State Constitution, to shorten the Executive amendment period from the thirty days to twenty-one days.

Section 3 of the bill would amend section 5 of Article VII of the State Constitution, to require the Legislature to enact a balanced budget and grant the Governor the ability to balance the enacted budget in the general fund, if necessary.

Section 4 of the bill would amend section 17 of Article VII of the State Constitution to raise the level of the Rainy Day Fund to a minimum of 5 percent of the General Fund budget.

Section 5 of the bill includes the standard effective date provisions for a Constitutional change.

Existing Law:

The current budget process is contained in Article VII of the State Constitution, and Article 3 and 4 of the State Finance Law.

Statement in Support:

In rejecting Proposition 1 by a two-to-one margin during the 2005 general election, the public endorsed the current Constitutional framework that grants the Governor clear accountability over the State budget. However, it is equally clear that a consensus emerged that significant reforms to the budget process are needed.

This budget reform bill preserves the State's Constitutional balance of powers, but directly addresses specific steps to improve fiscal accountability, avoid tardiness, and enhance transparency.

Specifically, this amendment proposes:

- Requiring the Legislature to enact a balanced budget in the General Fund. Currently, the Governor is required to submit a balanced budget, but there is no similar requirement for the Legislature to enact a balanced budget;
- Providing the Governor with the ability to balance the enacted budget if it is determined by the Comptroller that an imbalance exists and the Legislature does not first restore such balance;
- Shortening the Executive amendment period from thirty days to twenty-one days;
- Increasing the permissible balance in the Rainy Day Fund to at least 5 percent from the current 2 percent in statute. This is the level of most other states and the minimum recommended by fiscal monitors; and,
- Accelerating the date of the Executive Budget submission to January fifteenth ("on or before the first business day following January fourteenth") and shortening the amendment period to twenty-one days to provide more time for legislative deliberations.

Budget Implications:

This bill promotes sound fiscal management practices by: (i) permitting the State to deposit more money into this reserve to guard against economic uncertainties; (ii) requiring the Legislature to enact a balanced budget in the General Fund; (iii) granting the Governor the ability to balance the enacted budget in the general fund, if necessary; (iv) shortening the Executive amendment period from 30 days to 21 days; and, (v) accelerating the budget submission date and shortening the amendment period to provide more time for legislative deliberations.