

# N.Y. Governor Paterson warns Albany lawmakers to reach budget deal by Monday or he'll do it for them

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ALBANY - State lawmakers may soon be forced to choose between Gov. Paterson's "fat tax" on sugary soda or shutting down state government.

Paterson yesterday held to his demand that lawmakers agree to a final budget deal by Monday - or vowed to do it for them.

Paterson's take-it-or-leave-it threat to fold a year's worth of spending into an emergency budget next week could include many of the controversial provisions to raise revenue that lawmakers have railed against.

Chief among them would be the penny-per-ounce tax increase on soda and other sugary drinks, Paterson administration insiders said.

"He can do whatever he wants," a Paterson source said. "He's got a menu of choices."

The governor is also considering allowing the sale of wine in grocery stores and increasing taxes on hospitals to raise money, sources said.

"Everything is on the table and everyone will know what it looks like on Friday if there's no budget deal by then," a Paterson aide said.

If Paterson goes through with the nuclear-option bill, lawmakers will have to decide whether to bite the bullet and approve it - or shut down the government.

The Paterson aide said the governor doesn't fear pushing the lawmakers too far, since they've been unable to come up with a plan to close a \$9.2 billion deficit for a budget that is now 84 days late.

"If they don't want it to come down to it, they should reach an agreement with the governor on the budget," the source aid. "If they don't, they'll be the ones to be blamed

for shutting government, not the governor. They've had over 80 days to get a budget done."

After meeting with legislative leaders yesterday, Paterson said his administration is making contingency plans in case the government is forced to close.

"I think there's a lot of fantasy around here about what's going to happen, but I'll tell you what - when we get to next Monday, we'll see who's telling the truth then," he said.

Despite the tough talk, Paterson seemed to indicate some progress.

He estimated there was only about \$700 million separating his proposals from the plans pushed by legislative leaders.

After meeting with Paterson, Assembly Speaker Sheldon Silver (D-Manhattan) brushed aside talk of the governor's Monday deadline.

"There is no deadline," Silver said. "The [budget] deadline was April 1. Obviously we didn't make that deadline. That's the only deadline I know."

Silver was still optimistic that lawmakers could reach a budget deal, avoiding the need for Paterson's take-it-or-leave-it plan.

"I don't intend to have to do an emergency bill Monday," he said.

Meanwhile, as Paterson and legislative leaders continue to haggle over how to raise revenues, pro-business groups are concerned about a plan being discussed to "temporarily" defer certain state tax credits for up to six years.

The state film tax credit, which greatly benefits the city, would not be impacted.