

Paterson calls for end to budget process by June 28

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ALBANY -- Another day, another act of budget brinkmanship.

Arguing that "this process has got to end," Gov. David Paterson on Wednesday said that if lawmakers can't come to a final agreement on the state's 2010-2011 fiscal plan by June 28, he'll force-feed them his own budget blueprint in a weekly extender bill.

Since the April 1 budget deadline passed, Paterson has been submitting one-week bills to authorize the basic spending, including payrolls and other vital expenses, needed to keep the state running. But for the past two weeks, the governor has added various budget components to the extenders -- obliging lawmakers to accept his spending ideas or risk being blamed for a government shutdown if the weekly appropriation fails to pass.

Paterson sprung the new 11-day deadline during a brief leaders meeting at the Capitol. None of the other men at the table -- Assembly Speaker Sheldon Silver, Senate Democratic Conference Leader John Sampson and Republican minority leaders Dean Skelos and Brian Kolb -- received advance warning.

The governor and lawmakers are struggling to close a \$9.2 billion deficit in the budget, which is expected to include more than \$135 billion in spending.

"It's time to set a deadline, and I'm going to set it," Paterson said.

"... We will be out of here -- you can plan your schedules. Local government and not-for-profits and school districts will know exactly where they stand by June 28," he said. "It is important that we move in this direction. I'm not threatening anyone; I'm just making a promise."

Silver and Sampson responded with a mixture of optimism that the agreement could come even earlier and expressions of concern over remaining issues.

Paterson's deadline is the second major shift by the governor this week. Earlier, governor said he might start to lay off state workers this year rather than develop a layoff plan and leave it for his successor, as he previously planned. Paterson said he was considering making the layoffs during his watch because he didn't believe it would be fair to leave the job to the next governor.

The governor also reversed earlier hints that he might be open to at least some borrowing to help close the budget gap. On Wednesday, he said that all borrowing plans were off the table.

The move didn't dissuade Sampson, who has been pushing a plan to refinance tobacco bond payments that New York receives from tobacco companies. "Everything is negotiable," Sampson said after the leaders meeting. "I have to convince the governor."

While helping the state's immediate bottom line, refinancing would increase the amount of time the state has to pay back the bond money.

One of the main sticking points for the final budget plan remains education funding, although the governor and Democratic lawmakers say they have made progress. While the Assembly initially wanted to restore \$600 million in school funding removed from the budget plan, they have reached broad agreement to return \$419 million. Large urban districts would get the spending while districts with reserve funds would have to use the money to contain property tax increases next year -- something that Senate Democrats are seeking in order to boost their popularity with tax-weary suburban voters.

But at least on Wednesday, the question of how the funding restorations would be paid for was still unresolved -- especially since the governor has said he doesn't want to raise taxes.

Legislative leaders weren't the only people anxious over the executive branch's budget actions: Members of the Seneca Nation came to the Capitol after getting word that the governor wanted to start taxing the sales of cigarettes in Indian lands. The Seneca's western New York home includes numerous tax-free cigarette shops and Internet-based retailers.

"We were told there's a tsunami coming," said Richard Nephew, chairman of the Senecas' legislative council.

While efforts to impose state taxes on Indian retailers are a perennial budget gambit, Nephew and others said they were concerned because members of the administration told them Paterson wanted to start collecting the money on Sept. 1.

Several lobbyists and political operatives said the imposition of stricter tax collection on reservations would give the governor leverage in bargaining with lawmakers to approve an additional \$1-a-pack cigarette tax statewide.