

Budget Deal Takes Shape

By JACOB GERSHMAN

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After dangling the threat of a government shutdown, Gov. [Andrew Cuomo](#) is within striking distance of a budget deal with lawmakers.

Legislators appear to have conceded ground on contentious taxes and spending areas, paving the path for a possibly early budget. Assembly Democrats said they have abandoned a special levy on millionaires while agreeing to adopt the bulk of Mr. Cuomo's proposed school-spending cuts.

Such an accord would be a rare development in a statehouse accustomed to protracted fiscal stalemates that have often spilled into the summer.

"I think this budget will pass early, maybe the middle of next week. There's nothing left that's a deal-breaker," said George Maziarz, a high-ranking Republican senator.

Mr. Cuomo and lawmakers also cleared away other obstacles by agreeing to wait until after the budget is passed to settle disagreements over rent laws, teacher layoff rules and property-tax cap legislation.

Those looming battles could cloud the governor's budget deal. Mr. Cuomo may have more trouble negotiating with lawmakers without the urgency of a deadline and a potential shutdown.

Assembly Democrats said they have given up trying to maintain the special 8.97% income tax on New Yorkers with taxable income of more than \$1 million. The tax rate will drop to 6.85% at year-end.

"It's off the table. It's done. It's dead. It's not going to happen," said Republican Senate leader Dean Skelos.

Mr. Cuomo presented lawmakers this winter with a \$132.5 billion budget that closes a \$10 billion gap without raising taxes.

Lawmakers said the emerging budget deal would likely add \$200 million to the education budget, much less than what some Assembly Democrats had hoped to restore. Mr. Cuomo met with legislative leaders on Thursday to smooth over a few lingering differences, including his plan to ease medical malpractice costs to hospitals.

Democrats have balked at the governor's proposal to cap pain-and-suffering recoveries at \$250,000 and to create an indemnity fund to subsidize treatment of brain-damaged infants. Lawmakers said it's likely that the budget agreement would exclude those caps.

A spokesman for Mr. Cuomo said the governor and lawmakers are headed toward an "on-time, amicable resolution." Mr. Skelos said he was confident the three sides could reach a "conceptual agreement" by Friday, leaving only smaller issues to sort out.

Democratic Assembly Speaker Sheldon Silver wasn't quite as firm, but said he was certain there was enough agreement to avoid a shutdown.

The governor earlier signaled that unless lawmakers approved a budget by the April 1 deadline, he would force them to either pass an emergency package of his spending bills or bring state government to a standstill.

"They just don't have a lot of leverage right now. The governor has teed this up beautifully," said a Cuomo ally.