

# NEW YORK POST

## GOV BUDGET BLOW TO \$TRAPPED-HANGERS

By **KENNETH LOVETT** and **PATRICK GALLAHUE**

March 29, 2008 -- Gov. Paterson is taking an ax to the MTA's operating budget, leaving straphangers vulnerable to fare hikes or service cuts in the near future, officials claimed yesterday.

The new governor has proposed cutting \$60 million from the Metropolitan Transportation Authority's \$10 billion

budget - leaving a hole in the agency's financial plan big enough to drive a train through, according to lawmakers.

"[They] are now making another fare increase inevitable, and fast," said Assemblyman Richard Brodsky (D-Westchester).

MTA officials declined to comment.

The proposed cuts come at a disastrous time for the agency as it struggles through massive shortfalls in its projected real-estate tax collections, which have already derailed planned service enhancements.

The real-estate-transaction tax receipts this month were \$31 million below projections.

The shakeups in the financial sector also have transit bosses nervous that ridership could take a

### Way off track

**Bad news for MTA's \$10 billion operating budget:**

- Gov. Paterson proposing **\$60 million** in cuts.
- MTA real-estate tax revenues short by **\$31 million** this month.
- Wall Street layoffs likely to affect ridership.
- Agency saddled with crushing debt.



nasty drop to further stress the MTA's finances.

With tens of thousands of layoffs expected on Wall Street, there could be many fewer commuters riding the rails - but, of course, some fat cats could be forced to trade in their limos for the iron horse.

Without the money, the MTA faces huge gaps when it attempts to balance its books in July and could end up with little choice but to cut service or raise fares, piling onto a fare hike that took effect just four weeks ago.

Meanwhile, Paterson and legislative leaders agreed to add \$400 million to the \$1.46 billion increase former Gov. Eliot Spitzer proposed for education and \$235 million to restore parts of more than \$1 billion in health-care cuts Spitzer had recommended.

They also agreed to another \$10 million in economic-development funds and \$90 million for higher education. To generate revenue and close a \$4.7 billion budget deficit, Paterson and legislative leaders agreed to raise about \$1 billion in new taxes and fees, Democrats told The Post.

"It's going to be a bunch of regressive taxes on the middle class," griped Brodsky, who along with some fellow Assembly Democrats was upset that a \$1.5 billion plan to tax millionaire New Yorkers was rejected.

While legislative officials yesterday said the exact fees and taxes were still being negotiated, lawmakers say many of those proposed in January by Spitzer will be part of the final plan.

Republicans said lawmakers did reject some of Spitzer's proposed fees and taxes, including a tax on illegal drugs, a \$15 hike on the current \$5 fee imposed on the purchase of auto insurance, and a change that critics said would have raised gas prices.

Lawmakers yesterday began public committee meetings to resolve differences over the budget, though most of the work will be conducted behind closed doors.

Legislators and staff are expected to work through the weekend, with the hope of at least starting to pass budget bills Monday. The deadline is 11:59 p.m. Tuesday, though several officials expect they could miss by a day or two.

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