

# ***DEPARTMENT OF TAXATION AND FINANCE***

## ***MISSION***

The Department of Taxation and Finance administers the State's taxes and related local taxes and manages the State Treasury. In fulfilling its responsibilities under the State's Tax Laws, the Department collects approximately \$41.3 billion in State revenue and approximately \$27.5 billion in local taxes, including New York City and the City of Yonkers income taxes, on behalf of municipalities.

## ***ORGANIZATION AND STAFFING***

The Department is headed by a Commissioner who is appointed by the Governor and confirmed by the Senate. It fulfills its mission through 11 programs: Administration, Revenue Support, Office of the Counsel, Tax Policy and Analysis, Tax Enforcement, Tax Compliance, Treasury Management, Audit, Revenue and Information Management, Taxpayer Services and the Office of Conciliation and Mediation. The Department of Taxation and Finance will have a workforce of 4,766 positions in 2005-06, of which 4,342 will be funded by State tax dollars in the General Fund.

## ***FISCAL BACKGROUND AND BUDGET HIGHLIGHTS***

In 2005-06, the Department will be financed primarily with State tax dollars from the General Fund, which support its revenue generation, collection and administration programs. The Executive Budget recommends \$418.2 million to support the Department's operating budget. This amount includes \$312.6 million in General Fund support, which will finance 75 percent of the Department's operations, and will be supplemented by fee income of \$44.6 million and Federal funding of \$500,000. Fee income will support costs associated with the collection of personal income and other taxes for New York City, financial and investment services for certain State agencies and public benefit corporations and with delinquent tax collection efforts. The Budget further recommends \$60.5 million for the Banking Services Fund. The Fund pays banking institutions for certain services related to processing personal income and other taxes.

Recommended funding levels will support continuation of the e\*MPIRE program, which will upgrade the Department's tax processing system, to ensure the State's ability to accurately and effectively collect revenues.

## ***PROGRAM HIGHLIGHTS***

Taxation and Finance Department employees are responsible for providing equitable and efficient service to taxpayers. The Department is organized along functional lines to support a high-level of taxpayer service, including:

- **Administration:** This program includes the Department's central policy direction and oversight functions. Activities include fiscal management, human resources/payroll, internal audit, management services and public information;
- **Revenue Support:** This program provides essential support services for the Department, including managing office and warehouse space, developing and printing tax forms and instructions and mailing tax liability notices, refunds and other tax forms;

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- **Office of the Counsel:** This office prepares regulations, interprets statutes, manages litigation and drafts and reviews proposed legislation. The Office is involved in resolving taxpayer protests and litigation, and maintains coordination between the Department, the Department of Law and the Division of Tax Appeals;
- **Tax Policy and Analysis:** This program estimates the revenues expected to be produced by each tax, assesses the impact of different tax structures and tax proposals on the State's economy, reviews tax policies and legislation and prepares descriptive and analytical studies;
- **Tax Enforcement:** This program identifies and investigates alleged evasion of the State tax code. Staff assigned to this program work with Federal, State and local law enforcement officials in the prosecution of tax fraud and tax evasion cases;
- **Tax Compliance:** This is the State's largest accounts receivable program, collecting delinquent State and local taxes. Computer-generated billings and an automated telephone collection system are used in collection activities;
- **Audit:** The Audit Division ensures that voluntarily remitted taxes are accurate and complete. The Division plans, conducts and evaluates desk and field audits, increasingly with the aid of technology;
- **Revenue and Information Management:** This program contains the Department's information management, tax processing and tax accounting functions. It supports the collection of an estimated \$68.8 billion in State and local tax collections;
- **Taxpayer Services:** This program assists taxpayers in fulfilling their tax obligations by developing and distributing tax information, advice and instructions; and
- **Office of Conciliation and Mediation:** This program offers taxpayers the option of informally resolving disputes with the Department.

**ALL FUNDS  
APPROPRIATIONS  
(dollars)**

<b>Category</b>	<b>Available 2004-05</b>	<b>Appropriations Recommended 2005-06</b>	<b>Change</b>	<b>Reappropriations Recommended 2005-06</b>
State Operations	417,700,000	418,202,000	502,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	<u>417,700,000</u>	<u>418,202,000</u>	<u>502,000</u>	<u>0</u>

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## ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)			
Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	79	79	0
Audit			
General Fund	1,670	1,670	0
Office of Conciliation and Mediation			
General Fund	30	30	0
Counsel			
General Fund	66	66	0
Tax Policy and Analysis			
General Fund	30	30	0
Revenue and Information Management			
General Fund	1,423	1,423	0
Special Revenue Funds - Other	381	381	0
Revenue Support Services			
General Fund	61	61	0
Tax Compliance			
General Fund	704	704	0
Tax Enforcement			
General Fund	165	165	0
Special Revenue Funds - Federal	8	8	0
Taxpayer Services			
General Fund	114	114	0
Treasury Management			
Special Revenue Funds - Other	35	35	0
Total	4,766	4,766	0

## STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	311,799,000	312,584,000	785,000
Special Revenue Funds - Federal	582,000	500,000	(82,000)
Special Revenue Funds - Other	43,176,000	44,591,000	1,415,000
Internal Service Funds	62,143,000	60,527,000	(1,616,000)
Total	417,700,000	418,202,000	502,000
Adjustments:			
Transfer(s) From			
Special Pay Bill			
General Fund	(10,116,000)		
Special Revenue Funds - Other	(92,000)		
Appropriated 2004-05	407,492,000		

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## STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	5,397,000	5,400,000	3,000
Audit			
General Fund	105,324,000	105,371,000	47,000
Banking Services			
Internal Service Funds	62,143,000	60,527,000	(1,616,000)
Office of Conciliation and Mediation			
General Fund	2,237,000	2,239,000	2,000
Counsel			
General Fund	4,987,000	4,989,000	2,000
Tax Policy and Analysis			
General Fund	2,144,000	2,145,000	1,000
Revenue and Information Management			
General Fund	103,046,000	104,079,000	1,033,000
Special Revenue Funds - Other	37,647,000	37,889,000	242,000
Revenue Support Services			
General Fund	33,109,000	32,852,000	(257,000)
Tax Compliance			
General Fund	31,755,000	31,770,000	15,000
Special Revenue Funds - Other	2,900,000	4,000,000	1,100,000
Tax Enforcement			
General Fund	14,320,000	14,325,000	5,000
Special Revenue Funds - Federal	582,000	500,000	(82,000)
Taxpayer Services			
General Fund	9,480,000	9,414,000	(66,000)
Treasury Management			
Special Revenue Funds - Other	2,629,000	2,702,000	73,000
Total	417,700,000	418,202,000	502,000

## STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	5,004,000	3,000	4,962,000	3,000
Audit	89,362,000	47,000	88,313,000	47,000
Office of Conciliation and Mediation	2,147,000	2,000	2,129,000	2,000
Counsel	4,865,000	2,000	4,623,000	2,000
Tax Policy and Analysis	2,123,000	1,000	2,031,000	1,000
Revenue and Information Management	62,287,000	33,000	60,335,000	33,000
Revenue Support Services	4,282,000	2,000	3,733,000	2,000
Tax Compliance	30,156,000	15,000	30,103,000	15,000
Tax Enforcement	10,642,000	5,000	10,605,000	5,000
Taxpayer Services	7,219,000	4,000	6,153,000	4,000
Total	218,087,000	114,000	212,987,000	114,000

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	0	0	42,000	0
Audit	919,000	0	130,000	0
Office of Conciliation and Mediation	0	0	18,000	0
Counsel	236,000	0	6,000	0
Tax Policy and Analysis	89,000	0	3,000	0
Revenue and Information Management	1,298,000	0	654,000	0
Revenue Support Services	546,000	0	3,000	0
Tax Compliance	0	0	53,000	0
Tax Enforcement	25,000	0	12,000	0
Taxpayer Services	1,061,000	0	5,000	0
Total	4,174,000	0	926,000	0

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## STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	396,000	0	281,749	0
Audit	16,009,000	0	30,994	0
Office of Conciliation and Mediation	92,000	0	3,873	0
Counsel	124,000	0	7,750	0
Tax Policy and Analysis	22,000	0	4,783	0
Revenue and Information Management	41,792,000	1,000,000	1,519,388	0
Revenue Support Services	28,570,000	(259,000)	153,995	0
Tax Compliance	1,614,000	0	270,293	0
Tax Enforcement	3,683,000	0	417,101	0
Taxpayer Services	2,195,000	(70,000)	71,659	0
Total	94,497,000	671,000	2,761,585	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	4,844	0	71,647	0
Audit	4,115,327	0	10,724,645	0
Office of Conciliation and Mediation	67,790	0	20,337	0
Counsel	29,063	0	85,250	0
Tax Policy and Analysis	5,739	0	9,565	0
Revenue and Information Management	99,182	0	37,308,065	500,000
Revenue Support Services	5,811	0	28,410,194	(259,000)
Tax Compliance	585,147	0	136,599	0
Tax Enforcement	1,056,047	0	1,597,465	0
Taxpayer Services	10,652	0	2,109,785	(70,000)
Total	5,979,602	0	80,473,552	171,000

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	37,760	0	0	0
Audit	1,138,034	0	0	0
Office of Conciliation and Mediation	0	0	0	0
Counsel	1,937	0	0	0
Tax Policy and Analysis	1,913	0	0	0
Revenue and Information Management	1,913,365	500,000	952,000	0
Revenue Support Services	0	0	0	0
Tax Compliance	621,961	0	0	0
Tax Enforcement	612,387	0	0	0
Taxpayer Services	2,904	0	0	0
Total	4,330,261	500,000	952,000	0

## STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Banking Services	60,527,000	(1,616,000)	0	0
Revenue and Information Management	37,889,000	242,000	15,920,000	826,000
Tax Compliance	4,000,000	1,100,000	0	0
Tax Enforcement	500,000	(82,000)	0	0
Treasury Management	2,702,000	73,000	1,673,000	14,000
Total	105,618,000	(283,000)	17,593,000	840,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Banking Services	0	0	60,527,000	(1,616,000)
Revenue and Information Management	21,969,000	(584,000)	0	0
Tax Compliance	4,000,000	1,100,000	0	0
Tax Enforcement	0	0	500,000	(82,000)
Treasury Management	1,029,000	59,000	0	0
Total	26,998,000	575,000	61,027,000	(1,698,000)