

# ***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 \$43.7 billion in State revenue and approximately \$22.8 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 5,320 positions in 2002-03, of which 4,896 will be funded by State tax dollars in the General Fund.

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

In 2002-03, 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 \$432.4 million to support the Department's operating budget. This amount includes \$315 million in General Fund support, which will finance 72.8 percent of the Department's operations, and will be supplemented by fee income of \$40.6 million and Federal funding of \$572,000. 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 out-of-state delinquent tax collection efforts. The Budget further recommends \$76.2 million for the Banking Services Fund. The Fund pays banking institutions for certain services related to administering 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***

Tax 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 \$66.5 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 2001-02</b>	<b>Appropriations Recommended 2002-03</b>	<b>Change</b>	<b>Reappropriations Recommended 2002-03</b>
State Operations	406,396,000	432,408,400	26,012,400	3,000,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	<u>406,396,000</u>	<u>432,408,400</u>	<u>26,012,400</u>	<u>3,000,000</u>

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

Program	Full-Time Equivalent Positions (FTE)		
	2001-02 Estimated FTEs	2002-03 Estimated FTEs	FTE Change
	03/31/02	03/31/03	
Administration			
General Fund	90	90	0
Audit			
General Fund	1,883	1,883	0
Office of Conciliation and Mediation			
General Fund	34	34	0
Counsel			
General Fund	75	75	0
Tax Policy and Analysis			
General Fund	34	34	0
Revenue and Information Management			
General Fund	1,603	1,603	0
Special Revenue Funds - Other	379	379	0
Revenue Support Services			
General Fund	68	68	0
Tax Compliance			
General Fund	794	794	0
Tax Enforcement			
General Fund	186	186	0
Special Revenue Funds - Federal	9	9	0
Taxpayer Services			
General Fund	129	129	0
Treasury Management			
Special Revenue Funds - Other	36	36	0
Total	5,320	5,320	0

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

Fund Type	Available	Recommended	Change
	2001-02	2002-03	
General Fund	301,007,000	315,007,000	14,000,000
Special Revenue Funds - Federal	572,000	572,000	0
Special Revenue Funds - Other	36,842,000	40,644,000	3,802,000
Internal Service Funds	67,975,000	76,185,400	8,210,400
Total	406,396,000	432,408,400	26,012,400

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

Program	Available 2001-02	Recommended 2002-03	Change
Administration			
General Fund	5,609,000	5,609,000	0
Audit			
General Fund	109,397,000	109,397,000	0
Banking Services			
Internal Service Funds	67,975,000	76,185,400	8,210,400
Office of Conciliation and Mediation			
General Fund	2,326,000	2,326,000	0
Counsel			
General Fund	5,184,000	5,184,000	0
Tax Policy and Analysis			
General Fund	2,230,000	2,230,000	0
Revenue and Information Management			
General Fund	89,362,000	100,362,000	11,000,000
Special Revenue Funds - Other	32,688,000	34,389,000	1,701,000
Revenue Support Services			
General Fund	31,216,000	34,216,000	3,000,000
Tax Compliance			
General Fund	33,006,000	33,006,000	0
Special Revenue Funds - Other	2,000,000	4,000,000	2,000,000
Tax Enforcement			
General Fund	12,836,000	12,836,000	0
Special Revenue Funds - Federal	572,000	572,000	0
Taxpayer Services			
General Fund	9,841,000	9,841,000	0
Treasury Management			
Special Revenue Funds - Other	2,154,000	2,255,000	101,000
Total	<u>406,396,000</u>	<u>432,408,400</u>	<u>26,012,400</u>

## STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2002-03 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	5,200,000	0	5,158,000	0
Audit	92,868,000	0	91,819,000	0
Office of Conciliation and Mediation	2,231,000	0	2,213,000	0
Counsel	5,056,000	0	4,814,000	0
Tax Policy and Analysis	2,207,000	0	2,115,000	0
Revenue and Information Management	64,731,000	0	61,339,000	0
Revenue Support Services	4,450,000	0	3,901,000	0
Tax Compliance	31,340,000	0	31,287,000	0
Tax Enforcement	10,215,000	0	10,178,000	0
Taxpayer Services	7,502,000	0	6,436,000	0
Total	<u>225,800,000</u>	<u>0</u>	<u>219,260,000</u>	<u>0</u>

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	2,738,000	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	<u>5,614,000</u>	<u>0</u>	<u>926,000</u>	<u>0</u>

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## STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2002-03 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	409,000	0	291,000	0
Audit	16,529,000	0	32,000	0
Office of Conciliation and Mediation	95,000	0	4,000	0
Counsel	128,000	0	8,000	0
Tax Policy and Analysis	23,000	0	5,000	0
Revenue and Information Management	35,631,000	11,000,000	1,777,000	0
Revenue Support Services	29,766,000	3,000,000	159,000	0
Tax Compliance	1,666,000	0	279,000	0
Tax Enforcement	2,621,000	0	17,000	0
Taxpayer Services	2,339,000	0	74,000	0
Total	89,207,000	14,000,000	2,646,000	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	5,000	0	74,000	0
Audit	4,249,000	0	11,073,000	0
Office of Conciliation and Mediation	70,000	0	21,000	0
Counsel	30,000	0	88,000	0
Tax Policy and Analysis	6,000	0	10,000	0
Revenue and Information Management	116,000	0	31,230,000	11,000,000
Revenue Support Services	6,000	0	29,601,000	3,000,000
Tax Compliance	604,000	0	141,000	0
Tax Enforcement	923,000	0	1,551,000	0
Taxpayer Services	11,000	0	2,251,000	0
Total	6,020,000	0	76,040,000	14,000,000

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	39,000	0	0	0
Audit	1,175,000	0	0	0
Counsel	2,000	0	0	0
Tax Policy and Analysis	2,000	0	0	0
Revenue and Information Management	1,653,000	0	855,000	0
Tax Compliance	642,000	0	0	0
Tax Enforcement	130,000	0	0	0
Taxpayer Services	3,000	0	0	0
Total	3,646,000	0	855,000	0

## STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2002-03 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Banking Services	76,185,400	8,210,400	0	0
Revenue and Information Management	34,389,000	1,701,000	17,680,000	0
Tax Compliance	4,000,000	2,000,000	0	0
Tax Enforcement	572,000	0	0	0
Treasury Management	2,255,000	101,000	1,500,000	58,000
Total	117,401,400	12,012,400	19,180,000	58,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Banking Services	0	0	76,185,400	8,210,400
Revenue and Information Management	16,709,000	1,701,000	0	0
Tax Compliance	4,000,000	2,000,000	0	0
Tax Enforcement	0	0	572,000	0
Treasury Management	755,000	43,000	0	0
Total	21,464,000	3,744,000	76,757,400	8,210,400