

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 \$43.4 billion in State revenue and approximately \$21.1 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 4,922 positions in 2003-04, of which 4,498 will be funded by State tax dollars in the General Fund.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

In 2003-04, 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 \$433.8 million to support the Department's operating budget. This amount includes \$318.3 million in General Fund support, which will finance 73.4 percent of the Department's operations, and will be supplemented by fee income of \$38 million and Federal funding of \$582,000. 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 \$76.9 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;

TAXATION AND FINANCE

- **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 \$64.5 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)**

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	449,787,900	433,838,000	(15,949,900)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	449,787,900	433,838,000	(15,949,900)	0

TAXATION AND FINANCE

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

Program	Full-Time Equivalent Positions (FTE)		
	2002-03	2003-04	FTE Change
	Estimated FTEs 03/31/03	Estimated FTEs 03/31/04	
Administration			
General Fund	85	82	(3)
Audit			
General Fund	1,778	1,730	(48)
Office of Conciliation and Mediation			
General Fund	32	31	(1)
Counsel			
General Fund	71	69	(2)
Tax Policy and Analysis			
General Fund	32	31	(1)
Revenue and Information Management			
General Fund	1,514	1,473	(41)
Special Revenue Funds - Other	381	381	0
Revenue Support Services			
General Fund	65	63	(2)
Tax Compliance			
General Fund	750	730	(20)
Tax Enforcement			
General Fund	176	171	(5)
Special Revenue Funds - Federal	8	8	0
Taxpayer Services			
General Fund	121	118	(3)
Treasury Management			
Special Revenue Funds - Other	35	35	0
Total	5,048	4,922	(126)

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

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
General Fund	332,386,500	318,327,000	(14,059,500)
Special Revenue Funds - Federal	572,000	582,000	10,000
Special Revenue Funds - Other	40,644,000	38,024,000	(2,620,000)
Internal Service Funds	76,185,400	76,905,000	719,600
Total	449,787,900	433,838,000	(15,949,900)

TAXATION AND FINANCE

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	5,609,000	5,336,000	(273,000)
Audit			
General Fund	109,397,000	104,661,000	(4,736,000)
Banking Services			
Internal Service Funds	76,185,400	76,905,000	719,600
Office of Conciliation and Mediation			
General Fund	2,326,000	2,208,000	(118,000)
Counsel			
General Fund	5,184,000	4,914,000	(270,000)
Tax Policy and Analysis			
General Fund	2,230,000	2,111,000	(119,000)
Revenue and Information Management			
General Fund	117,741,500	109,514,000	(8,227,500)
Special Revenue Funds - Other	34,389,000	31,623,000	(2,766,000)
Revenue Support Services			
General Fund	34,216,000	34,434,000	218,000
Tax Compliance			
General Fund	33,006,000	31,348,000	(1,658,000)
Special Revenue Funds - Other	4,000,000	4,000,000	0
Tax Enforcement			
General Fund	12,836,000	14,327,000	1,491,000
Special Revenue Funds - Federal	572,000	582,000	10,000
Taxpayer Services			
General Fund	9,841,000	9,474,000	(367,000)
Treasury Management			
Special Revenue Funds - Other	2,255,000	2,401,000	146,000
Total	<u>449,787,900</u>	<u>433,838,000</u>	<u>(15,949,900)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	4,921,000	(279,000)	4,879,000	(279,000)
Audit	87,878,000	(4,990,000)	86,829,000	(4,990,000)
Office of Conciliation and Mediation	2,111,000	(120,000)	2,093,000	(120,000)
Counsel	4,784,000	(272,000)	4,542,000	(272,000)
Tax Policy and Analysis	2,088,000	(119,000)	1,996,000	(119,000)
Revenue and Information Management	61,253,000	(3,478,000)	57,861,000	(3,478,000)
Revenue Support Services	4,211,000	(239,000)	3,662,000	(239,000)
Tax Compliance	29,656,000	(1,684,000)	29,603,000	(1,684,000)
Tax Enforcement	10,466,000	251,000	10,429,000	251,000
Taxpayer Services	7,099,000	(403,000)	6,033,000	(403,000)
Total	<u>214,467,000</u>	<u>(11,333,000)</u>	<u>207,927,000</u>	<u>(11,333,000)</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>

TAXATION AND FINANCE

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	415,000	6,000	295,267	4,267
Audit	16,783,000	254,000	32,492	492
Office of Conciliation and Mediation	97,000	2,000	4,084	84
Counsel	130,000	2,000	8,125	125
Tax Policy and Analysis	23,000	0	5,000	0
Revenue and Information Management	48,261,000	(4,749,500)	1,804,235	27,235
Revenue Support Services	30,223,000	457,000	161,441	2,441
Tax Compliance	1,692,000	26,000	283,355	4,355
Tax Enforcement	3,861,000	1,240,000	437,260	420,260
Taxpayer Services	2,375,000	36,000	75,139	1,139
Total	103,860,000	(2,726,500)	3,106,398	460,398

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	5,076	76	75,085	1,085
Audit	4,314,294	65,294	11,243,158	170,158
Office of Conciliation and Mediation	71,474	1,474	21,442	442
Counsel	30,469	469	89,375	1,375
Tax Policy and Analysis	6,000	0	10,000	0
Revenue and Information Management	117,777	1,777	43,708,653	12,478,653
Revenue Support Services	6,092	92	30,055,467	454,467
Tax Compliance	613,426	9,426	143,200	2,200
Tax Enforcement	1,107,086	184,086	1,674,670	123,670
Taxpayer Services	11,169	169	2,285,646	34,646
Total	6,282,863	262,863	89,306,696	13,266,696

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	39,572	572	0	0
Audit	1,193,056	18,056	0	0
Office of Conciliation and Mediation	0	0	0	0
Counsel	2,031	31	0	0
Tax Policy and Analysis	2,000	0	0	0
Revenue and Information Management	1,678,335	25,335	952,000	(17,282,500)
Revenue Support Services	0	0	0	0
Tax Compliance	652,019	10,019	0	0
Tax Enforcement	641,984	511,984	0	0
Taxpayer Services	3,046	46	0	0
Total	4,212,043	566,043	952,000	(17,282,500)

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Banking Services	76,905,000	719,600	0	0
Revenue and Information Management	31,623,000	(2,766,000)	15,402,000	(2,278,000)
Tax Compliance	4,000,000	0	0	0
Tax Enforcement	582,000	10,000	0	0
Treasury Management	2,401,000	146,000	1,585,000	85,000
Total	115,511,000	(1,890,400)	16,987,000	(2,193,000)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Banking Services	0	0	76,905,000	719,600
Revenue and Information Management	16,221,000	(488,000)	0	0
Tax Compliance	4,000,000	0	0	0
Tax Enforcement	0	0	582,000	10,000
Treasury Management	816,000	61,000	0	0
Total	21,037,000	(427,000)	77,487,000	729,600