

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 \$39.8 billion in State revenue and approximately \$23.5 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 2004-05, of which 4,342 will be funded by State tax dollars in the General Fund.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

In 2004-05, 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 \$407.5 million to support the Department's operating budget. This amount includes \$301.7 million in General Fund support, which will finance 74 percent of the Department's operations, and will be supplemented by fee income of \$43.1 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 \$62.1 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 \$63.3 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 2003-04	Appropriations Recommended 2004-05	Change	Reappropriations Recommended 2004-05
State Operations	433,838,000	407,492,000	(26,346,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	433,838,000	407,492,000	(26,346,000)	0

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

Program	Full-Time Equivalent Positions (FTE)		
	2003-04 Estimated FTEs 03/31/04	2004-05 Estimated FTEs 03/31/05	FTE Change
Administration			
General Fund	81	79	(2)
Audit			
General Fund	1,717	1,670	(47)
Office of Conciliation and Mediation			
General Fund	31	30	(1)
Counsel			
General Fund	68	66	(2)
Tax Policy and Analysis			
General Fund	31	30	(1)
Revenue and Information Management			
General Fund	1,462	1,423	(39)
Special Revenue Funds - Other	381	381	0
Revenue Support Services			
General Fund	63	61	(2)
Tax Compliance			
General Fund	724	704	(20)
Tax Enforcement			
General Fund	170	165	(5)
Special Revenue Funds - Federal	8	8	0
Taxpayer Services			
General Fund	117	114	(3)
Treasury Management			
Special Revenue Funds - Other	35	35	0
Total	4,888	4,766	(122)

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

Fund Type	Available	Recommended	Change
	2003-04	2004-05	
General Fund	318,327,000	301,683,000	(16,644,000)
Special Revenue Funds - Federal	582,000	582,000	0
Special Revenue Funds - Other	38,024,000	43,084,000	5,060,000
Internal Service Funds	76,905,000	62,143,000	(14,762,000)
Total	433,838,000	407,492,000	(26,346,000)

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

Program	Available 2003-04	Recommended 2004-05	Change
Administration			
General Fund	5,336,000	5,165,000	(171,000)
Audit			
General Fund	104,661,000	101,179,000	(3,482,000)
Banking Services			
Internal Service Funds	76,905,000	62,143,000	(14,762,000)
Office of Conciliation and Mediation			
General Fund	2,208,000	2,138,000	(70,000)
Counsel			
General Fund	4,914,000	4,761,000	(153,000)
Tax Policy and Analysis			
General Fund	2,111,000	2,046,000	(65,000)
Revenue and Information Management			
General Fund	109,514,000	100,157,000	(9,357,000)
Special Revenue Funds - Other	31,623,000	37,647,000	6,024,000
Revenue Support Services			
General Fund	34,434,000	32,910,000	(1,524,000)
Tax Compliance			
General Fund	31,348,000	30,356,000	(992,000)
Special Revenue Funds - Other	4,000,000	2,900,000	(1,100,000)
Tax Enforcement			
General Fund	14,327,000	13,826,000	(501,000)
Special Revenue Funds - Federal	582,000	582,000	0
Taxpayer Services			
General Fund	9,474,000	9,145,000	(329,000)
Treasury Management			
Special Revenue Funds - Other	2,401,000	2,537,000	136,000
Total	<u>433,838,000</u>	<u>407,492,000</u>	<u>(26,346,000)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2004-05 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	4,769,000	(152,000)	4,727,000	(152,000)
Audit	85,170,000	(2,708,000)	84,121,000	(2,708,000)
Office of Conciliation and Mediation	2,046,000	(65,000)	2,028,000	(65,000)
Counsel	4,637,000	(147,000)	4,395,000	(147,000)
Tax Policy and Analysis	2,024,000	(64,000)	1,932,000	(64,000)
Revenue and Information Management	59,365,000	(1,888,000)	57,413,000	(448,000)
Revenue Support Services	4,081,000	(130,000)	3,532,000	(130,000)
Tax Compliance	28,742,000	(914,000)	28,689,000	(914,000)
Tax Enforcement	10,143,000	(323,000)	10,106,000	(323,000)
Taxpayer Services	6,880,000	(219,000)	5,814,000	(219,000)
Total	<u>207,857,000</u>	<u>(6,610,000)</u>	<u>202,757,000</u>	<u>(5,170,000)</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	1,298,000	(1,440,000)	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>4,174,000</u>	<u>(1,440,000)</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 2004-05 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	396,000	(19,000)	281,749	(13,518)
Audit	16,009,000	(774,000)	30,994	(1,498)
Office of Conciliation and Mediation	92,000	(5,000)	3,873	(211)
Counsel	124,000	(6,000)	7,750	(375)
Tax Policy and Analysis	22,000	(1,000)	4,783	(217)
Revenue and Information Management	40,792,000	(7,469,000)	1,519,388	(284,847)
Revenue Support Services	28,829,000	(1,394,000)	153,995	(7,446)
Tax Compliance	1,614,000	(78,000)	270,293	(13,062)
Tax Enforcement	3,683,000	(178,000)	417,101	(20,159)
Taxpayer Services	2,265,000	(110,000)	71,659	(3,480)
Total	93,826,000	(10,034,000)	2,761,585	(344,813)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	4,844	(232)	71,647	(3,438)
Audit	4,115,327	(198,967)	10,724,645	(518,513)
Office of Conciliation and Mediation	67,790	(3,684)	20,337	(1,105)
Counsel	29,063	(1,406)	85,250	(4,125)
Tax Policy and Analysis	5,739	(261)	9,565	(435)
Revenue and Information Management	99,182	(18,595)	36,808,065	(6,900,588)
Revenue Support Services	5,811	(281)	28,669,194	(1,386,273)
Tax Compliance	585,147	(28,279)	136,599	(6,601)
Tax Enforcement	1,056,047	(51,039)	1,597,465	(77,205)
Taxpayer Services	10,652	(517)	2,179,785	(105,861)
Total	5,979,602	(303,261)	80,302,552	(9,004,144)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	37,760	(1,812)	0	0
Audit	1,138,034	(55,022)	0	0
Office of Conciliation and Mediation	0	0	0	0
Counsel	1,937	(94)	0	0
Tax Policy and Analysis	1,913	(87)	0	0
Revenue and Information Management	1,413,365	(264,970)	952,000	0
Revenue Support Services	0	0	0	0
Tax Compliance	621,961	(30,058)	0	0
Tax Enforcement	612,387	(29,597)	0	0
Taxpayer Services	2,904	(142)	0	0
Total	3,830,261	(381,782)	952,000	0

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2004-05 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Banking Services	62,143,000	(14,762,000)	0	0
Revenue and Information Management	37,647,000	6,024,000	15,094,000	(308,000)
Tax Compliance	2,900,000	(1,100,000)	0	0
Tax Enforcement	582,000	0	0	0
Treasury Management	2,537,000	136,000	1,596,000	11,000
Total	105,809,000	(9,702,000)	16,690,000	(297,000)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Banking Services	0	0	62,143,000	(14,762,000)
Revenue and Information Management	22,553,000	6,332,000	0	0
Tax Compliance	2,900,000	(1,100,000)	0	0
Tax Enforcement	0	0	582,000	0
Treasury Management	941,000	125,000	0	0
Total	26,394,000	5,357,000	62,725,000	(14,762,000)