

DEPARTMENT OF TAXATION AND FINANCE

MISSION

The Department of Taxation and Finance (DTF) collects tax revenue and provides associated services in support of government operations in New York State. In fulfilling its responsibilities, the Department collects and accounts for more than \$56 billion in State taxes and \$36 billion in local taxes; administers 35 State and 7 local taxes, including New York City and City of Yonkers income taxes; and processes nearly 25 million returns, registrations and associated documents. The Department also manages the State Treasury, which provides investment and cash management services to various State agencies, and administers the State's Middle Class STAR Property Tax Rebate Program.

ORGANIZATION AND STAFFING

The Department is headed by a Commissioner who is appointed by the Governor and confirmed by the Senate. The Department fulfills its mission through eight programs: Audit, Collection and Enforcement, Centralized Operations Support, Office of Conciliation and Mediation, Management, Administration and Counsel, Revenue Processing and Reconciliation, Tax Policy, Revenue Accounting and Taxpayer Guidance, Technology and Information Services, and Treasury Management.

BUDGET HIGHLIGHTS

The Executive Budget recommends **\$449 million All Funds (\$314 million General Fund; \$136 million Other Funds)** for the Department of Taxation and Finance. This is an increase of **\$13 million All Funds (\$2 million General Fund, \$11 million Other Funds)** from the 2007-08 budget. This net change primarily reflects the continued growth in employee costs, increases in banking services costs, the completion of the e-MPIRE project, the implementation of the electronic transaction initiative, and additional federal funding for the equitable sharing agreement.

The Executive Budget recommends a staffing level of **5,041 FTEs** for the Department of Taxation and Finance, an increase of **75 FTEs** from the 2007-08 budget. These additional staff positions will be assigned to the Department's Audit, Collection, and Enforcement program.

Major budget actions include:

- **Completion of e-MPIRE:** The e-MPIRE project is a multi-year effort to significantly upgrade the Department's information technology infrastructure. The Department expects the project to be completed by March 31, 2008 for a savings of \$7 million in 2008-09.
- **Electronic Transaction Initiative:** This proposal would authorize the Department to require certain tax related documents, payments and signatures in electronic form for a savings of \$6.3 million in 2008-09.
- **Federal Equitable Sharing Agreement:** The Department expects to receive an additional \$2 million from this federal program to support tax enforcement activities.

PROGRAM HIGHLIGHTS

The Department's strategic goal is to achieve "universal voluntary compliance" to ensure that all taxpayers voluntarily pay the correct amount of tax due on a timely basis. To achieve this goal, the Department is committed to increasing the current high level of voluntary compliance through taxpayer education initiatives, technology, and enforcement efforts.

The operations of the Department are organized along the following functional lines to support its legal mission:

- **Audit, Collection and Enforcement:** Ensures that voluntarily remitted taxes are accurate and complete; leverages sophisticated technologies and highly-trained personnel to collect delinquent taxes; and identifies and investigates alleged evasion of the State tax code, whether through underreporting, non-filing or schemes of avoidance.
- **Centralized Operations Support:** Provides infrastructure support services; vehicle fleet management; printing and mailing services; telecommunications support; space planning, management, and utilization; in-house security; and parking services.
- **Office of Conciliation and Mediation:** Provides taxpayers with a statutorily-mandated option of informal and impartial dispute resolution that potentially mitigates time-consuming, formal administrative hearings with the Division of Tax Appeals.
- **Management, Administration and Counsel:** Provides Departmental financial services, including budgeting, accounting, and procurement; provides a full range of legal services to the Department; and provides personnel services, including workforce strategies and solutions.
- **Revenue Processing and Reconciliation:** Processes taxpayer returns and remittance to compute liability, identify underpayments or overpayments, and issue assessments and refunds; creates and maintains taxpayer accounts and records; and responds to taxpayer inquiries.
- **Tax Policy, Revenue Accounting and Taxpayer Guidance:** Performs revenue accounting; review tax policies; assess tax proposals and proposed legislation; prepares fiscal impacts; performs sophisticated studies and analyses for the Legislature and the Division of the Budget; and develops tax information, advice, forms, and instructions.
- **Technology and Information Services:** Maintains, secures, and improves the Department's information technology infrastructure, applications, and networks.
- **Treasury Management:** Acts on the Tax Commissioner's behalf as custodian of the State Treasury, and joint-custodian of the State General Checking Account; provides various financial and investment services to certain State agencies and public benefit corporations.

TAXATION AND FINANCE

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2007-08	Appropriations Recommended 2008-09	Change	Reappropriations Recommended 2008-09
State Operations	435,856,000	449,341,000	13,485,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	<u>435,856,000</u>	<u>449,341,000</u>	<u>13,485,000</u>	<u>0</u>

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

Full-Time Equivalent Positions (FTE)

Program	2007-08 Estimated FTEs 03/31/08	2008-09 Estimated FTEs 03/31/09	FTE Change
Audit, Collection and Enforcement General Fund	2,471	2,546	75
Centralized Operations Support General Fund	122	122	0
Office of Conciliation and Mediation General Fund	25	25	0
Management, Administration and Counsel General Fund	253	253	0
Revenue Processing and Reconciliation General Fund	584	584	0
Special Revenue Funds - Other	731	731	0
Tax Policy, Revenue Accounting and Taxpayer Guidance General Fund	176	176	0
Technology and Information Services General Fund	560	560	0
Treasury Management Special Revenue Funds - Other	44	44	0
Total	<u>4,966</u>	<u>5,041</u>	<u>75</u>

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

Fund Type	Available 2007-08	Recommended 2008-09	Change
General Fund	311,352,000	313,720,000	2,368,000
Special Revenue Funds - Federal	582,000	2,582,000	2,000,000
Special Revenue Funds - Other	76,420,000	86,837,000	10,417,000
Internal Service Funds	47,502,000	46,202,000	(1,300,000)
Total	<u>435,856,000</u>	<u>449,341,000</u>	<u>13,485,000</u>

TAXATION AND FINANCE

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

<u>Program</u>	<u>Available 2007-08</u>	<u>Recommended 2008-09</u>	<u>Change</u>
Audit, Collection and Enforcement			
General Fund	113,221,000	119,865,000	6,644,000
Special Revenue Funds - Federal	582,000	2,582,000	2,000,000
Special Revenue Funds - Other	4,000,000	4,000,000	0
Centralized Operations Support			
General Fund	38,810,000	38,810,000	0
Office of Conciliation and Mediation			
General Fund	1,679,000	1,679,000	0
Management, Administration and Counsel			
General Fund	16,628,000	16,628,000	0
Revenue Processing and Reconciliation			
General Fund	43,261,000	43,261,000	0
Special Revenue Funds - Other	69,236,000	79,653,000	10,417,000
Internal Service Funds	47,502,000	46,202,000	(1,300,000)
Tax Policy, Revenue Accounting and Taxpayer Guidance			
General Fund	12,057,000	12,057,000	0
Technology and Information Services			
General Fund	85,696,000	81,420,000	(4,276,000)
Treasury Management			
Special Revenue Funds - Other	3,184,000	3,184,000	0
Total	<u>435,856,000</u>	<u>449,341,000</u>	<u>13,485,000</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2008-09 RECOMMENDED (dollars)

<u>Program</u>	<u>Total</u>		<u>Personal Service Regular (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Audit, Collection and Enforcement	112,565,000	6,644,000	110,545,000	5,144,000
Centralized Operations Support	5,285,000	0	4,686,000	(50,000)
Office of Conciliation and Mediation	1,571,000	0	1,571,000	0
Management, Administration and Counsel	14,579,000	0	14,410,000	(60,000)
Revenue Processing and Reconciliation	40,690,000	0	34,424,000	(1,250,000)
Tax Policy, Revenue Accounting and Taxpayer Guidance	10,327,000	0	10,224,000	(65,000)
Technology and Information Services	33,850,000	2,724,000	33,050,000	2,097,000
Total	<u>218,867,000</u>	<u>9,368,000</u>	<u>208,910,000</u>	<u>5,816,000</u>

<u>Program</u>	<u>Temporary Service (Nonannual Salaried)</u>		<u>Holiday/Overtime Pay (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Audit, Collection and Enforcement	1,020,000	500,000	1,000,000	1,000,000
Centralized Operations Support	549,000	0	50,000	50,000
Office of Conciliation and Mediation	0	0	0	0
Management, Administration and Counsel	159,000	50,000	10,000	10,000
Revenue Processing and Reconciliation	5,766,000	750,000	500,000	500,000
Tax Policy, Revenue Accounting and Taxpayer Guidance	38,000	0	65,000	65,000
Technology and Information Services	300,000	127,000	500,000	500,000
Total	<u>7,832,000</u>	<u>1,427,000</u>	<u>2,125,000</u>	<u>2,125,000</u>

TAXATION AND FINANCE

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2008-09 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Audit, Collection and Enforcement	7,300,000	0	588,000	0
Centralized Operations Support	33,525,000	0	13,590,000	0
Office of Conciliation and Mediation	108,000	0	5,000	0
Management, Administration and Counsel	2,049,000	0	137,000	0
Revenue Processing and Reconciliation	2,571,000	0	1,103,000	0
Tax Policy, Revenue Accounting and Taxpayer Guidance	1,730,000	0	62,000	0
Technology and Information Services	47,570,000	(7,000,000)	150,000	0
Total	94,853,000	(7,000,000)	15,635,000	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Audit, Collection and Enforcement	5,175,000	0	1,409,000	0
Centralized Operations Support	39,000	0	19,023,000	0
Office of Conciliation and Mediation	96,000	0	6,000	0
Management, Administration and Counsel	156,000	0	1,383,000	0
Revenue Processing and Reconciliation	140,000	0	1,094,000	0
Tax Policy, Revenue Accounting and Taxpayer Guidance	28,000	0	1,622,000	0
Technology and Information Services	300,000	0	43,884,000	(7,000,000)
Total	5,934,000	0	68,421,000	(7,000,000)

Program	Equipment	
	Amount	Change
Audit, Collection and Enforcement	128,000	0
Centralized Operations Support	873,000	0
Office of Conciliation and Mediation	1,000	0
Management, Administration and Counsel	373,000	0
Revenue Processing and Reconciliation	234,000	0
Tax Policy, Revenue Accounting and Taxpayer Guidance	18,000	0
Technology and Information Services	3,236,000	0
Total	4,863,000	0

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2008-09 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Audit, Collection and Enforcement	6,582,000	2,000,000	0	0
Revenue Processing and Reconciliation	125,855,000	9,117,000	36,881,000	0
Treasury Management	3,184,000	0	2,020,000	12,000
Total	135,621,000	11,117,000	38,901,000	12,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Audit, Collection and Enforcement	4,000,000	0	2,582,000	2,000,000
Revenue Processing and Reconciliation	88,974,000	9,117,000	0	0
Treasury Management	1,164,000	(12,000)	0	0
Total	94,138,000	9,105,000	2,582,000	2,000,000