

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 almost \$60 billion in State taxes and \$40 billion in local taxes; administers 35 State and 7 local taxes, including New York City and City of Yonkers income taxes; and processes approximately 27 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 **\$485.7 million All Funds** (\$349.6 million General Fund; \$136.1 million Other Funds) for the Department of Taxation and Finance. This is an increase of **\$14.5 million All Funds** (\$14.2 million General Fund, \$.3 million Other Funds) from the 2008-09 budget. This net change primarily reflects additional costs associated with staffing increases offset by reductions in nonpersonal services.

The Executive Budget recommends a staffing level of **5,336 FTEs** for the Department of Taxation and Finance, an **increase of 300 FTEs** from the 2008-09 budget. These additional staff positions will be assigned to the Department's Audit, Collection, and Enforcement program to supplement the Department's ongoing efforts to achieve full voluntary taxpayer compliance. The Executive Budget proposes legislation that will establish service fees for returned checks, the establishment of installment payment plans for tax liabilities, the processing of paper tax returns filed with the Department and a tax preparers registration fee.

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:

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- **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; reviews tax policies; assesses 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.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2008-09	Appropriations Recommended 2009-10	Change	Reappropriations Recommended 2009-10
State Operations	471,227,000	485,680,000	14,453,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	471,227,000	485,680,000	14,453,000	0

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

Full-Time Equivalent Positions (FTE)			
Program	2008-09 Estimated FTEs 03/31/09	2009-10 Estimated FTEs 03/31/10	FTE Change
Audit, Collection and Enforcement			
General Fund	2,541	2,841	300
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>5,036</u>	<u>5,336</u>	<u>300</u>

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

Fund Type	Available 2008-09	Recommended 2009-10	Change
General Fund	335,383,000	349,554,000	14,171,000
Special Revenue Funds - Federal	2,582,000	2,582,000	0
Special Revenue Funds - Other	87,060,000	87,342,000	282,000
Internal Service Funds	46,202,000	46,202,000	0
Total	<u>471,227,000</u>	<u>485,680,000</u>	<u>14,453,000</u>

Adjustments:

Transfer(s) From

 Special Pay Bill

 General Fund

(20,663,000)

 Special Revenue Funds - Other

(223,000)

Appropriated 2008-09

450,341,000

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

Program	Available 2008-09	Recommended 2009-10	Change
Audit, Collection and Enforcement			
General Fund	136,118,101	174,947,987	38,829,886
Special Revenue Funds - Federal	2,582,000	2,582,000	0
Special Revenue Funds - Other	4,000,000	4,000,000	0
Centralized Operations Support			
General Fund	38,357,578	29,020,005	(9,337,573)
Office of Conciliation and Mediation			
General Fund	1,785,673	1,754,904	(30,769)
Management, Administration and Counsel			
General Fund	17,347,217	16,834,684	(512,533)
Special Revenue Funds - Other	121,000	0	(121,000)
Revenue Processing and Reconciliation			
General Fund	45,396,425	44,663,949	(732,476)
Special Revenue Funds - Other	79,653,000	79,653,000	0
Internal Service Funds	46,202,000	46,202,000	0
Tax Policy, Revenue Accounting and Taxpayer Guidance			
General Fund	12,746,114	12,253,238	(492,876)
Technology and Information Services			
General Fund	83,631,892	70,079,233	(13,552,659)
Treasury Management			
Special Revenue Funds - Other	3,286,000	3,689,000	403,000
Total	471,227,000	485,680,000	14,453,000

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2009-10 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Audit, Collection and Enforcement	168,535,101	41,217,000	166,515,101	41,217,000
Centralized Operations Support	5,582,578	0	4,983,578	0
Office of Conciliation and Mediation	1,677,673	0	1,677,673	0
Management, Administration and Counsel	15,548,217	0	15,379,217	0
Revenue Processing and Reconciliation	42,825,425	0	36,559,425	0
Tax Policy, Revenue Accounting and Taxpayer Guidance	11,016,114	0	10,913,114	0
Technology and Information Services	36,061,892	0	35,261,892	0
Total	281,247,000	41,217,000	271,290,000	41,217,000

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

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STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2009-10 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Audit, Collection and Enforcement	6,412,886	(2,387,114)	420,479	(167,521)
Centralized Operations Support	23,437,427	(9,337,573)	9,360,669	(3,729,331)
Office of Conciliation and Mediation	77,231	(30,769)	3,575	(1,425)
Management, Administration and Counsel	1,286,467	(512,533)	97,969	(39,031)
Revenue Processing and Reconciliation	1,838,524	(732,476)	788,756	(314,244)
Tax Policy, Revenue Accounting and Taxpayer Guidance	1,237,124	(492,876)	44,336	(17,664)
Technology and Information Services	34,017,341	(13,552,659)	107,265	(42,735)
Total	68,307,000	(27,046,000)	10,823,049	(4,311,951)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Audit, Collection and Enforcement	3,700,646	(1,474,354)	1,127,577	(281,423)
Centralized Operations Support	27,889	(11,111)	13,424,586	(5,348,414)
Office of Conciliation and Mediation	68,650	(27,350)	4,291	(1,709)
Management, Administration and Counsel	111,556	(44,444)	810,209	(322,791)
Revenue Processing and Reconciliation	100,114	(39,886)	782,320	(311,680)
Tax Policy, Revenue Accounting and Taxpayer Guidance	20,023	(7,977)	1,159,893	(462,107)
Technology and Information Services	214,530	(85,470)	31,381,480	(12,502,520)
Total	4,243,408	(1,690,592)	48,690,356	(19,230,644)

Program	Equipment	
	Amount	Change
Audit, Collection and Enforcement	1,164,184	(463,816)
Centralized Operations Support	624,283	(248,717)
Office of Conciliation and Mediation	715	(285)
Management, Administration and Counsel	266,733	(106,267)
Revenue Processing and Reconciliation	167,334	(66,666)
Tax Policy, Revenue Accounting and Taxpayer Guidance	12,872	(5,128)
Technology and Information Services	2,314,066	(921,934)
Total	4,550,187	(1,812,813)

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2009-10 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Audit, Collection and Enforcement	6,582,000	0	0	0
Management, Administration and Counsel	0	(121,000)	0	(81,000)
Revenue Processing and Reconciliation	125,855,000	0	36,881,000	0
Treasury Management	3,689,000	403,000	2,025,000	(63,000)
Total	136,126,000	282,000	38,906,000	(144,000)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Audit, Collection and Enforcement	4,000,000	0	2,582,000	0
Management, Administration and Counsel	0	(40,000)	0	0
Revenue Processing and Reconciliation	88,974,000	0	0	0
Treasury Management	1,664,000	466,000	0	0
Total	94,638,000	426,000	2,582,000	0