

DEPARTMENT OF TAXATION AND FINANCE

MISSION

The Department of Taxation and Finance (DTF) collects tax revenue and provides associated services in support of certain New York State government operations. In fulfilling its responsibilities, the Department collects and accounts for more than \$55 billion in State taxes and nearly \$36 billion in local taxes; administers 37 State and nine local taxes, including New York City and City of Yonkers income taxes, as well as the Metropolitan Commuter Transportation Mobility Tax; and processes approximately 32.5 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 public benefit corporations, and acts on the Tax Commissioner's behalf as joint custodian of the State's General Checking Account. On June 6, 2010, the Department statutorily merged with the former Office of Real Property Services (ORPS) in order to realize significant savings and efficiencies and enhance the State's oversight of local property tax administration by tapping the Department's vast information technology infrastructure and personnel assets.

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 nine programs: Audit, Collection and Enforcement; Centralized Operations Support; Office of Conciliation and Mediation; Management, Administration and Counsel; Real Property Tax Services; Revenue Processing and Reconciliation; Tax Policy, Revenue Accounting and Taxpayer Guidance; Technology and Information Services; and Treasury Management.

BUDGET HIGHLIGHTS

The Executive Budget recommends **\$453.1 million** All Funds (\$311.4 million General Fund; \$141.7 million Other Funds) for the Department of Taxation and Finance. This is a decrease of **\$87.2 million (-16.1 percent)** All Funds (decreases of \$77.3 million and \$9.9 million in General Fund and Other Funds, respectively) from the 2010-11 levels.

The Executive Budget reduces each agency's General Fund State Operations budget by 10 percent. These savings are intended to be achieved through administrative efficiencies in non-personal service and negotiated workforce savings that minimize layoffs to the extent possible.

In addition, the Department will also increase administrative efficiencies by launching the Empire State Tax Modernization Initiative, which will leverage technology and private-sector best practices in order to streamline New York State tax administration and drive significant savings while enhancing revenue collections and customer service in an environmentally-responsible manner. Initial goals include expanding electronic tax return filing ("e-file") participation rates and eliminating the State's use of costly paper taxpayer refund checks in favor of electronic options that most – if not all – Department customers already use in some form in the current e-commerce economy.

The Executive Budget proposes legislation that will reduce mail volumes – including electronic delivery of personal income tax, sales and business tax bills as well as documents regarding property issues, when authorized by the taxpayer – expand e-file participation, and reduce the cost of real property tax administration for localities by allowing notices, filings, and other transactions to be completed electronically.

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 revenue-generation mission:

- **Audit, Collection, and Enforcement:** Ensures that voluntarily remitted taxes are accurate and complete; employs 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.
- **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.
- **Real Property Tax Services:** Oversees local property tax administration in New York State with a range of responsibilities, including: equalization of local assessments for purposes of apportioning property taxes and calculating state aid; determination of assessments on several specific categories of property; various services to support local governments in performing their assessment responsibilities; and the administration of State aid for quality local assessment practices and property tax relief.
- **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.

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- **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 2010-11	Appropriations Recommended 2011-12	Change	Reappropriations Recommended 2011-12
State Operations	527,969,000	452,355,000	(75,614,000)	0
Aid To Localities	12,325,000	750,000	(11,575,000)	0
Capital Projects	0	0	0	0
Total	540,294,000	453,105,000	(87,189,000)	0

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

Full-Time Equivalent Positions (FTE)			
Program	2010-11 Estimated FTEs 03/31/11	2011-12 Estimated FTEs 03/31/12	FTE Change
Audit, Collection and Enforcement			
General Fund	2,373	2,373	0
Centralized Operations Support			
General Fund	122	122	0
Office of Conciliation and Mediation			
General Fund	24	24	0
Management, Administration and Counsel			
General Fund	221	221	0
Real Property Tax Services, Office of			
General Fund	179	179	0
Special Revenue Funds - Other	29	29	0
Revenue Processing and Reconciliation			
General Fund	569	569	0
Special Revenue Funds - Other	733	733	0
Tax Policy, Revenue Accounting and Taxpayer Guidance			
General Fund	167	167	0
Technology and Information Services			
General Fund	559	559	0
Treasury Management			
Special Revenue Funds - Other	32	32	0
Total	5,008	5,008	0

The above table does not reflect layoffs that may be necessary in the absence of negotiated workforce savings.

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

Fund Type	Available 2010-11	Recommended 2011-12	Change
General Fund	376,366,000	310,682,000	(65,684,000)
Special Revenue Funds - Federal	2,500,000	2,500,000	0
Special Revenue Funds - Other	107,297,000	108,042,000	745,000
Internal Service Funds	41,806,000	31,131,000	(10,675,000)
Total	527,969,000	452,355,000	(75,614,000)

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

Program	Available 2010-11	Recommended 2011-12	Change
Audit, Collection and Enforcement			
General Fund	183,039,900	154,965,000	(28,074,900)
Special Revenue Funds - Federal	2,500,000	2,500,000	0
Special Revenue Funds - Other	16,500,000	16,500,000	0
Centralized Operations Support			
General Fund	25,000,600	17,792,000	(7,208,600)
Office of Conciliation and Mediation			
General Fund	1,908,000	1,588,000	(320,000)
Management, Administration and Counsel			
General Fund	17,245,000	15,067,000	(2,178,000)
Real Property Tax Services, Office of			
General Fund	22,150,000	15,162,000	(6,988,000)
Special Revenue Funds - Other	4,055,000	4,007,000	(48,000)
Revenue Processing and Reconciliation			
General Fund	46,567,700	35,178,000	(11,389,700)
Special Revenue Funds - Other	83,053,000	83,813,000	760,000
Internal Service Funds	41,806,000	31,131,000	(10,675,000)
Tax Policy, Revenue Accounting and Taxpayer Guidance			
General Fund	12,037,700	10,651,000	(1,386,700)
Technology and Information Services			
General Fund	68,417,100	60,279,000	(8,138,100)
Treasury Management			
Special Revenue Funds - Other	3,689,000	3,722,000	33,000
Total	<u>527,969,000</u>	<u>452,355,000</u>	<u>(75,614,000)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2011-12 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Audit, Collection and Enforcement	148,595,000	(28,076,000)	147,641,000	(27,260,000)
Centralized Operations Support	4,029,000	(1,455,200)	3,869,000	(1,016,200)
Office of Conciliation and Mediation	1,510,000	(320,800)	1,510,000	(320,800)
Management, Administration and Counsel	13,812,000	(2,178,500)	13,770,000	(2,051,500)
Real Property Tax Services, Office of	11,262,000	(6,988,000)	11,262,000	(6,988,000)
Revenue Processing and Reconciliation	33,060,000	(11,389,200)	31,650,000	(7,250,200)
Tax Policy, Revenue Accounting and Taxpayer Guidance	9,414,000	(1,386,600)	9,341,000	(1,356,600)
Technology and Information Services	33,589,000	(3,330,800)	33,154,000	(3,090,800)
Total	<u>255,271,000</u>	<u>(55,125,100)</u>	<u>252,197,000</u>	<u>(49,334,100)</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay	
	Amount	Change	Amount	Change
Audit, Collection and Enforcement	204,000	(816,000)	750,000	0
Centralized Operations Support	110,000	(439,000)	50,000	0
Office of Conciliation and Mediation	0	0	0	0
Management, Administration and Counsel	32,000	(127,000)	10,000	0
Real Property Tax Services, Office of	0	0	0	0
Revenue Processing and Reconciliation	1,035,000	(4,139,000)	375,000	0
Tax Policy, Revenue Accounting and Taxpayer Guidance	8,000	(30,000)	65,000	0
Technology and Information Services	60,000	(240,000)	375,000	0
Total	<u>1,449,000</u>	<u>(5,791,000)</u>	<u>1,625,000</u>	<u>0</u>

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STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2011-12 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Audit, Collection and Enforcement	6,370,000	1,100	421,000	500
Centralized Operations Support	13,763,000	(5,753,400)	2,970,000	(3,377,700)
Office of Conciliation and Mediation	78,000	800	4,000	400
Management, Administration and Counsel	1,255,000	500	98,000	0
Real Property Tax Services, Office of	3,900,000	0	200,000	0
Revenue Processing and Reconciliation	2,118,000	(500)	814,000	200
Tax Policy, Revenue Accounting and Taxpayer Guidance	1,237,000	(100)	44,000	(300)
Technology and Information Services	26,690,000	(4,807,300)	107,000	(300)
Total	55,411,000	(10,558,900)	4,658,000	(3,377,200)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Audit, Collection and Enforcement	3,701,000	400	1,084,000	400
Centralized Operations Support	28,000	100	10,141,000	(2,375,600)
Office of Conciliation and Mediation	69,000	400	4,000	(300)
Management, Administration and Counsel	112,000	400	778,000	(200)
Real Property Tax Services, Office of	200,000	0	3,200,000	0
Revenue Processing and Reconciliation	100,000	(100)	1,012,000	(300)
Tax Policy, Revenue Accounting and Taxpayer Guidance	20,000	0	1,160,000	100
Technology and Information Services	215,000	500	24,054,000	(4,807,500)
Total	4,445,000	1,700	41,433,000	(7,183,400)

Program	Equipment	
	Amount	Change
Audit, Collection and Enforcement	1,164,000	(200)
Centralized Operations Support	624,000	(200)
Office of Conciliation and Mediation	1,000	300
Management, Administration and Counsel	267,000	300
Real Property Tax Services, Office of	300,000	0
Revenue Processing and Reconciliation	192,000	(300)
Tax Policy, Revenue Accounting and Taxpayer Guidance	13,000	100
Technology and Information Services	2,314,000	0
Total	4,875,000	0

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2011-12 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Audit, Collection and Enforcement	19,000,000	0	0	0
Real Property Tax Services, Office of	4,007,000	(48,000)	2,555,000	0
Revenue Processing and Reconciliation	114,944,000	(9,915,000)	38,666,000	(98,000)
Treasury Management	3,722,000	33,000	2,025,000	0
Total	141,673,000	(9,930,000)	43,246,000	(98,000)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Audit, Collection and Enforcement	19,000,000	2,500,000	0	(2,500,000)
Real Property Tax Services, Office of	1,452,000	(48,000)	0	0
Revenue Processing and Reconciliation	76,278,000	(9,817,000)	0	0
Treasury Management	1,697,000	33,000	0	0
Total	98,427,000	(7,332,000)	0	(2,500,000)

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AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2010-11	Recommended 2011-12	Change
General Fund	12,325,000	750,000	(11,575,000)
Total	<u>12,325,000</u>	<u>750,000</u>	<u>(11,575,000)</u>

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2010-11	Recommended 2011-12	Change
Real Property Tax Services, Office of			
General Fund	12,325,000	750,000	(11,575,000)
Total	<u>12,325,000</u>	<u>750,000</u>	<u>(11,575,000)</u>