

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 \$33.9 billion in State revenue and approximately \$19 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 5,515 positions in 1999-2000, of which 5,074 will be funded by State tax dollars in the General Fund.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

In 1999-2000, 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 \$368 million to support the Department's operating budget. This amount includes \$271.3 million in General Fund support, which will finance 73.7 percent of the Department's operations, and which will be supplemented by fee income of \$32.8 million and Federal funding of \$300,000. These fees and Federal moneys will support costs associated with the collection of personal income taxes for New York City; financial and investment services for certain State agencies and public benefit corporations; and implementation of the International Fuel Tax Agreement. The Budget further recommends \$63.7 million for the Banking Services Fund. The Fund pays banking institutions for certain services related to administering personal income and other taxes.

PROGRAM HIGHLIGHTS

Tax 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:

- **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.
- **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.

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- **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 \$52.9 billion in State and local voluntary and non-voluntary tax collections.
- **Taxpayer Services:** This program assists taxpayers in fulfilling their tax obligations by developing and distributing tax information, advice and instructions.
- **Office of Conciliation and Mediation:** This program offers taxpayers the option of informally resolving disputes with the Department.

ALL FUNDS APPROPRIATIONS

<u>Category</u>	<u>Available 1998-99</u>	<u>Appropriations Recommended 1999-00</u>	<u>Change</u>	<u>Reappropriations Recommended 1999-00</u>
State Operations	\$341,523,000	\$368,048,000	+ \$26,525,000	\$450,000
Aid To Localities	750,000	-750,000
Capital Projects
Total	<u>\$342,273,000</u>	<u>\$368,048,000</u>	<u>+ \$25,775,000</u>	<u>\$450,000</u>

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ALL FUND TYPES LEVELS OF EMPLOYMENT BY PROGRAM ANNUAL SALARIED POSITIONS

Program	Available 1998-99	Personal Service (Regular)	Maintenance Undistributed	1999-00 Recommended Average Fill Level Total Recommended 1999-00	Change
Administration					
General Fund	95	95	. . . .	95	. . . .
Counsel					
General Fund	79	78	. . . .	78	-1
Tax Policy and Analysis					
General Fund	37	36	. . . .	36	-1
Tax Enforcement					
General Fund	124	123	. . . .	123	-1
Tax Compliance					
General Fund	845	835	. . . .	835	-10
Treasury Management					
Special Revenue Funds — Other	37	37	. . . .	37	. . . .
Audit					
General Fund	1,936	1,913	. . . .	1,913	-23
Revenue and Information Management					
General Fund	1,774	1,753	. . . .	1,753	-21
Special Revenue Funds — Other	392	392	. . . .	392	. . . .
Taxpayer Services					
General Fund	137	135	. . . .	135	-2
Revenue Support Services					
General Fund	72	71	. . . .	71	-1
Office of Conciliation and Mediation					
General Fund	36	35	. . . .	35	-1
Subtotal, Direct Funded Programs	5,564	5,503	. . . .	5,503	-61
Suballocations:					
Special Revenue Funds — Federal	12			12	. . . .
Total	5,576			5,515	-61

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS

Fund Type	Available 1998-99	Recommended 1999-00	Change
General Fund	\$269,732,000	\$271,282,000	+ \$1,550,000
Special Revenue Funds — Federal	300,000	300,000	. . . .
Special Revenue Funds — Other	22,129,000	32,761,000	+ 10,632,000
Internal Service Funds	49,362,000	63,705,000	+ 14,343,000
Total	\$341,523,000	\$368,048,000	+ \$26,525,000

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STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS

Program	Available 1998-99	Recommended 1999-00	Change
Administration			
General Fund	\$5,051,000	\$5,115,000	+ \$64,000
Counsel			
General Fund	4,682,000	4,695,000	+ 13,000
Tax Policy and Analysis			
General Fund	2,020,000	2,025,000	+ 5,000
Tax Enforcement			
General Fund	7,780,000	7,801,000	+ 21,000
Tax Compliance			
General Fund	30,787,000	30,872,000	+ 85,000
Treasury Management			
Special Revenue Funds — Other	1,944,000	2,003,000	+ 59,000
Audit			
General Fund	98,324,000	98,598,000	+ 274,000
Revenue and Information Management			
General Fund	80,499,000	80,723,000	+ 224,000
Special Revenue Funds — Federal	300,000	300,000	
Special Revenue Funds — Other	20,185,000	30,758,000	+ 10,573,000
Taxpayer Services			
General Fund	9,094,000	9,120,000	+ 26,000
Revenue Support Services			
General Fund	29,383,000	30,215,000	+ 832,000
Office of Conciliation and Mediation			
General Fund	2,112,000	2,118,000	+ 6,000
Banking Services			
Internal Service Funds	49,362,000	63,705,000	+ 14,343,000
Total	\$341,523,000	\$368,048,000	+ \$26,525,000

STATE OPERATIONS — GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 1999-00 RECOMMENDED

Program	Total Personal Service		Personal Service Regular (Annual Salaried)		Temporary Service (Nonannual Salaried)	
	Amount	Change	Amount	Change	Amount	Change
Administration	\$4,709,000	+ \$63,000	\$4,671,000	+ \$63,000		
Counsel	4,568,000	+ 13,000	4,350,000	+ 12,000	\$213,000	+ \$1,000
Tax Policy and Analysis	2,002,000	+ 5,000	1,919,000	+ 5,000	80,000	
Tax Enforcement	6,207,000	+ 17,000	6,183,000	+ 17,000	16,000	
Tax Compliance	29,359,000	+ 81,000	29,309,000	+ 81,000		
Audit	83,045,000	+ 231,000	82,088,000	+ 228,000	835,000	+ 2,000
Revenue and Information Management	61,035,000	+ 169,000	58,002,000	+ 161,000	2,448,000	+ 6,000
Taxpayer Services	6,800,000	+ 19,000	5,835,000	+ 16,000	961,000	+ 3,000
Revenue Support Services	4,010,000	+ 11,000	3,515,000	+ 10,000	492,000	+ 1,000
Office of Conciliation and Mediation	2,024,000	+ 6,000	2,006,000	+ 6,000		
Total	\$203,759,000	+ \$615,000	\$197,878,000	+ \$599,000	\$5,045,000	+ \$13,000

Program	Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change
Administration	\$38,000	
Counsel	5,000	
Tax Policy and Analysis	3,000	
Tax Enforcement	8,000	
Tax Compliance	50,000	
Audit	122,000	+ \$1,000
Revenue and Information Management	585,000	+ 2,000
Taxpayer Services	4,000	
Revenue Support Services	3,000	
Office of Conciliation and Mediation	18,000	
Total	\$836,000	+ \$3,000

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**STATE OPERATIONS — GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
1999-00 RECOMMENDED**

Program	Amount	Total Change	Supplies and Materials Amount	Change
Administration	\$406,000	+ \$1,000	\$289,000	+ \$1,000
Counsel	127,000	. . . .	8,000	. . . .
Tax Policy and Analysis	23,000	. . . .	5,000	. . . .
Tax Enforcement	1,594,000	+ 4,000	11,000	. . . .
Tax Compliance	1,513,000	+ 4,000	277,000	+ 1,000
Audit	15,553,000	+ 43,000	32,000	. . . .
Revenue and Information				
Management	19,688,000	+ 55,000	1,348,000	-71,000
Taxpayer Services	2,320,000	+ 7,000	70,000	. . . .
Revenue Support Services	26,205,000	+ 821,000	150,000	. . . .
Office of Conciliation and Mediation	94,000	. . . .	4,000	. . . .
Total	\$67,523,000	+ \$935,000	\$2,194,000	-\$69,000

Program	Amount	Travel Change	Contractual Services Amount	Change
Administration	\$5,000	. . . .	\$73,000	. . . .
Counsel	30,000	. . . .	87,000	. . . .
Tax Policy and Analysis	6,000	. . . .	10,000	. . . .
Tax Enforcement	514,000	+ \$1,000	987,000	+ \$2,000
Tax Compliance	599,000	+ 1,000	. . . .	. . . .
Audit	3,319,000	+ 9,000	11,051,000	+ 31,000
Revenue and Information				
Management	88,000	-5,000	15,348,000	-804,000
Taxpayer Services	10,000	. . . .	2,237,000	+ 7,000
Revenue Support Services	6,000	. . . .	26,049,000	+ 821,000
Office of Conciliation and Mediation	69,000	. . . .	21,000	. . . .
Total	\$4,646,000	+ \$6,000	\$55,863,000	+ \$57,000

Program	Amount	Equipment Change	Maintenance Undistributed Amount	Change
Administration	\$39,000	. . . .	. . . .	. . . .
Counsel	2,000	. . . .	. . . .	. . . .
Tax Policy and Analysis	2,000	. . . .	. . . .	. . . .
Tax Enforcement	82,000	+ \$1,000	. . . .	. . . .
Tax Compliance	637,000	+ 2,000	. . . .	. . . .
Audit	1,151,000	+ 3,000	. . . .	. . . .
Revenue and Information				
Management	1,254,000	-65,000	\$1,650,000	+ \$1,000,000
Taxpayer Services	3,000	. . . .	. . . .	. . . .
Revenue Support Services . . . . .	. . . .	. . . .	. . . .	. . . .
Office of Conciliation and Mediation
Total	\$3,170,000	-\$59,000	\$1,650,000	+ \$1,000,000

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STATE OPERATIONS — OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 1999-00 RECOMMENDED

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Treasury Management	\$2,003,000	+ \$59,000	\$1,334,000	+ \$40,000
Revenue and Information Management	31,058,000	+ 10,573,000	16,380,000	+ 430,000
Banking Services	63,705,000	+ 14,343,000	. . . .	. . . .
Total	<u>\$96,766,000</u>	<u>+ \$24,975,000</u>	<u>\$17,714,000</u>	<u>+ \$470,000</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Treasury Management	\$669,000	+ \$19,000	. . . .	. . . .
Revenue and Information Management	14,378,000	+ 10,143,000	\$300,000	. . . .
Banking Services . . . . .	. . . .	. . . .	63,705,000	+ \$14,343,000
Total	<u>\$15,047,000</u>	<u>+ \$10,162,000</u>	<u>\$64,005,000</u>	<u>+ \$14,343,000</u>

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS

Fund Type	Available 1998-99	Recommended 1999-00	Change
General Fund	\$750,000	. . . .	-\$750,000
Total	<u>\$750,000</u>	<u>. . . .</u>	<u>-\$750,000</u>

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS

Program	Available 1998-99	Recommended 1999-00	Change
Administration General Fund	\$750,000	. . . .	-\$750,000
Total	<u>\$750,000</u>	<u>. . . .</u>	<u>-\$750,000</u>