

February 8, 2018

New York State 2018 Budget Hearing on Taxation

Testimony by DC 37 Local 1757

My name is Fran Schloss and I am the President of Dc 37 local 1757. The Local represents New York City real property assessors, appraisers and housing development specialists. It is not uncommon for DC 37 Locals to be in contact with unions representing their counterpart in New York State Government. I am, therefore, going to speak with regard to the critical need for the allotting of funds as part of the budget for the hiring of New York State audit staff . In doing so attention will also be called to what appears to be the erosion of the New York State Civil Service system that is based on merit and fitness and the appearance of racial bias. Furthermore, the intent to minimize the New York State auditor 's contact with the public will be discussed. Historically John Q. Public in the eyes of the Department of New York State Taxation and Finance are the individuals and entities that are mandated by law to pay their fair share of personal and/or business taxes.

Currently there are approximately three hundred vacant positions pertaining to New York State audit staff. For example, auditors, technicians and calculation clerk positions remain unfilled. The existing experienced workforce is rapidly approaching retirement and a line of succession has not been planned. The forthcoming New York State budget should appropriate funding to fill a portion of these positions.

The staffing situation in what is termed " downstate " is extremely dire. The offices of sales tax , income tax and corporate tax in Manhattan, and Brooklyn have been combined with a portion of the Queens tax offices. Nassau and Suffolk County offices have been merged into one entity. As staff members leave due to retirement or in the case of younger personnel, a lack of opportunity to advance, their seats are not filled.

It is striking that there is a gap of three hundred million dollars in New York State's tax collection. It is not mere speculation to say that a formable portion of this outstanding sum of uncollected revenue is due to less audits being conducted. In this instance less is not more. Less is less.

Desk audit technicians have handled the review of simple line items. Due to the downsizing of auditors, desk audit technicians now, however, are responsible for reviewing complex returns. This is the type of review that a field auditor with a minimum of twenty four college credits in accounting was once hired to do. Again less is not more. Less is less. Moreover, temps are being hired on a long term basis for audit staff positions, thus, wittingly circumventing civil service examinations.

There is literally no taxpayer communication with a New York State audit staff member until a computer generated notice either stating a dollar amount of taxes owed or a notice denying a claimed refund has been issued. A policy that once first requested documents to substantiate a taxpayer's filing position is no longer in play. This past policy wisely and logically dictated that a notice impacting a taxpayer was the final step in the audit process and not an initial one. Prior policy also indicated a specific audit staff member name and phone number be printed onto notices sent to taxpayers so that concern could be readily addressed. Now the taxpayer is left to their own devices to determine the appropriate audit staff member to contact.

Let us keep in mind that the largest body of taxpayers receiving a notice of money owed to New York State or a refund being denied from the State of New York are those claiming earned income credits or child dependent care credits. These credits constitute the lowest income group in New York State. They are the least able to afford representation. At the same time the dearth of experienced auditors result in less audits conducted on higher income earners filing complex returns.

Ms. Nonie Manion , the acting Commissioner of New York State Department of Taxation and Finance has committed to reducing tax audits by twenty percent. She claims that ninety six percent of all taxes collected are done voluntarily. One can suspect, however, that this high percentage of compliance is due to the potential of being audited.

Eighty percent of all New York State business taxes are collected from New York City, Nassau and Suffolk County residents . The majority of personal income tax ( sixty two percent – eighty four percent based on non- residency or residency ) is paid by “ downstate “. New York City and environs is the most diverse in ethnicity in comparison to other areas of New York State. It will not, however, receive its reasonable share of employment opportunity . The very limited number of posting notices for audit staff are exclusively for positions in Albany.

In conclusion, the aim of this testimony is to jumpstart a conversation regarding New York State 's uncollected revenue that is due to a current budgeting perspective regarding auditors and audits. It is an outlook that does not consider the equitable and overlooked role that competent auditors contribute to the taxation process. It is testimony that also has called attention to the sidestepping of Civil Service protocol and the capricious treatment of taxpayers that to date remains unchanged.

Comments on what has been stated may be sent to e-mail : [taxgal147@yahoo.com](mailto:taxgal147@yahoo.com)

Thank You.

