



**Michael R. Schmidt, Commissioner
New York State Department of Taxation and Finance
Joint Senate & Assembly Budget Hearing on Taxes
February 23, 2021, 1PM via Zoom
Opening Statement**

Good afternoon Chairs Krueger and Weinstein, and members of the fiscal committees. Thank you for inviting me to testify today on behalf of the Department of Taxation and Finance. I'll briefly discuss the Department's operations through the pandemic before making a few comments regarding Governor Cuomo's Executive Budget.

I could not be more proud of the performance of the Department during what's been an extremely difficult year. In spite of the pandemic, we fulfilled our core mission without significant disruption and took extraordinary steps to support the State's broader public health response, all while continuing to push forward our long-term agenda to help New York's taxpayers.

I'll start with our core processing and taxpayer services functions as a Department.

While the IRS halted operations for a large part of the year, at no point did we stop opening mail, processing returns, issuing refunds, or cashing checks. In 2020, we processed 26 million tax returns, collected \$120 billion in revenue, and issued ten million refunds without significant delay.

We extended our personal income tax filing deadline from April to July, abated interest and penalty for sales tax filers impacted by the pandemic and worked with our partners in the assessment community to address a range of property tax administration issues.

Even as we fulfilled our core responsibilities, we assisted our sister agencies with theirs. As many of you know, the Department runs the Consolidated Contact Center for New York State, which this year set a record by handling five million calls, including more than two million COVID-related calls in partnership with the Department of Health. This has been a massive, 24-7 interagency effort, and I want to recognize the hard work of the staff in the Contact Center, across the Department, and indeed across the State for their tireless work on behalf of New Yorkers.

Beyond our efforts to maintain our revenue-generating operations and support the public health response, we continued to push forward with key programmatic initiatives to improve the taxpayer experience.

We are overhauling our correspondence program, which is producing significant improvements to the taxpayer experience as we speak. We continued to work on the replacement of remaining legacy processing systems.

We launched a marketing campaign to expand participation in our Free File program, which produced in a 57 percent increase in participation—generating more than one hundred thousand new Free File participants and saving New Yorkers more than \$50 million in tax preparation fees.

We undertook a public awareness campaign to encourage low-income New Yorkers to claim federal stimulus payments that weren't sent out automatically. The campaign helped reduce the number of unclaimed payments in New York by more than two-hundred thousand, bringing an additional \$340 million into the State to help people meet basic needs during the pandemic.

We enhanced the financial education resources we provide through our website.

And in a special project that we believe to be the first of its kind for a tax agency, we are examining our operations through the lens of structural inequity, scrutinizing our policies, procedures, and systems to ensure that they are promoting a more equitable society.

I know that the year ahead will be challenging, but I'm hopeful for continued progress at the Department.

So, let me shift gears now and very briefly highlight different aspects of the Executive Budget that I believe merit careful consideration by the legislature. From addressing our fiscal and revenue issues, to supporting our economic recovery, to advancing programs that help working families—this budget is a strong first step in our State's efforts to build back better.

Accordingly, the budget proposes to establish three new tax credits totaling \$130 million to help small businesses, restaurants, and theatrical production companies to recover from the pandemic and bring back jobs to New York.

Also, as access to affordable childcare remains key to building a stronger economy, the Governor's Budget provides meaningful new incentives to employers to help them provide much needed child-care to their employees.

And finally, I'll turn to an area that is very important for me and for you as well – consumer protection. The Executive Budget includes important provisions to enhance oversight of

unscrupulous tax preparers, giving the Department new and better tools to protect citizens from abuse in this area.

Thank you again for inviting me to be with you here today. I'll conclude now and invite your comments and questions.

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