



Department of Taxation and Finance

Jerry Boone, Commissioner
Department of Taxation and Finance
Joint Senate & Assembly Budget Hearing
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Good morning Chairwoman Young and Chairman Farrell and to all of the members of the Senate Finance and Ways and Means Committees. My name is Jerry Boone and I am the Commissioner of the Department of Taxation and Finance. It is my pleasure to appear before you today to discuss Governor Cuomo's 2017 Executive Budget and, more specifically, how the Budget relates to the work that we do at the Tax Department.

Governor Cuomo's Executive Budget continues the progress we have made over the past five years to change the direction of this State. Together, we have produced five consecutive on-time budgets, limiting growth in State spending to an average of just 1.4 percent, the lowest rate of growth in decades. Our fiscal constraint has provided us with the means to provide much needed tax relief.

Over the past five years we have made historic progress in reducing tax burdens for all New Yorkers. We have tackled our State's most burdensome tax, the property tax. We have capped, frozen, and provided direct relief through the enactment of a property tax cap, freezing the growth of property taxes and, in 2016, providing direct property tax reductions through a new property tax relief credit. These programs are estimated to save the average property taxpayer \$2,800 by 2017.

We have enacted the lowest middle class tax rates in 60 years, eliminated the MTA payroll tax for over 700,000 small businesses, eliminated the corporate tax for manufacturers, provided tax free areas for small businesses under the START-UP NY program, and undertaken the most important reform of the corporate income tax in 70 years. Governor Cuomo's proposed Budget would add to these accomplishments, providing an additional \$600 million in direct tax relief.

Small businesses represent 43 percent of all private sector jobs in New York. To enhance the competitiveness of this sector, we have already taken actions that will save small businesses \$3.8 billion over the next five years. The Executive Budget builds on this record with initiatives that will provide \$1.5 billion in additional tax relief to 1 million small businesses over five years, including lowering the corporate income tax rate, increasing the income exclusion for farmers and for sole proprietors, and making the income exclusion available to small businesses structured in other ways.



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Recognizing the additional costs borne by commuters, businesses, and farmers who rely on the New York State Thruway, the Governor is proposing a tax credit that would relieve the burden of Thruway tolls by 50 percent, and fully offset the cost to farmers.

Together, our efforts to promote New York's burgeoning craft beverage industry have been enormously successful: the number of farm wineries is up 60 percent and the number of craft breweries is up over 233 percent. The Budget includes additional proposals that should save the craft beverage industry \$3 million annually.

Before I conclude, I wanted to briefly discuss the operations side of the Budget. The Tax Department has been recognized as a leader in leveraging technology and data analytics to drive efficiencies, improve services to taxpayers and to protect State and local revenue.

Taxpayers now expect to be able to conduct business with us online. Over 2.7 million taxpayers, including one million businesses, have opened Online Services Accounts that offer over 80 separate services. For the most recent processing year, over 92 percent of all personal income tax returns were e-filed, and e-filing is becoming the standard in the other major taxes as well. These efficiencies allow us to process over 26 million returns and collect over \$100 billion a year in revenue with a reduced workforce.

We are mindful, though, of the need to remain vigilant. The Tax Department has made major investments in data analytics and cyber security, placing us at the forefront of fraud detection in tax administration worldwide. In the last year alone, our systems identified 291,000 suspect refund claims, saving the State and taxpayers over \$500 million. While many other states will be delaying refunds this year in an effort to combat identity theft, New York uses sophisticated fraud prevention systems that will allow us to process refunds without such delays. However, we cannot simply rest on our laurels, which is why this Budget continues our investments in cutting edge technology solutions.

Again, I want to thank all of you for allowing me to appear before you today to discuss the Governor's important initiatives and I am happy to answer any questions that you might have.