

PERFORMANCE BASED BUDGET YEAR-TO-DATE THROUGH JANUARY 2007

MANAGEMENT, ADMINISTRATION, AND COUNSEL

| Performance Goal | Status |
|---|--|
| Institutionalize project management and portfolio review. In 2003, Tax instituted project management and portfolio review for all significant technology projects. Beginning in 2005, we began to expand the use of these management techniques to non-technology projects throughout the Department. We will build out and institutionalize this initiative and ensure that 100% of major projects enter portfolio review and management. | The Project Portfolio contains 28 projects. During the fiscal year, twenty one new projects have been approved, thirty two have been completed and three have been cancelled. |
| Achieve 100% participation in the Leadership Training Program. This program is designed for mid- and high-level departmental managers to enhance skills and plan for succession and knowledge transfer in the face of heavy attrition and rapid technological changes. | The following data reflects participation for the first 8 months of the Leadership Academy year June 1, 2006-May 31, 2007. 76% of the managers and leaders have participated in the Leadership Academy Program. |
| Prepare first annual internal Voluntary Compliance Feedback Report that draws upon the actual experience of Tax's various operating units --- such as TSRD (Processing), Audit, and Tax Enforcement --- to document, and make recommendations for addressing recurring issues in processing and compliance. | The analysis of the Internal Voluntary Compliance Feedback report is continuing to be evaluated. |
| Respond to 95% of Disclosure and Government Exchange requests for information within 60 days. | 99% |
| Pay 98% of travel vouchers within two weeks of receipt. | 100% |
| Pay 98% of accounts payable invoices within 30 days of Merchandise Invoice Receipt date. | 99.1% |
| Complete 95% of signed contract renewals six weeks prior to expiration date. | 3.1% |
| Forward response to internal requests for legal guidance to Deputy Commissioner and Counsel within 30 days. | 53.8% |
| Respond to external requests for legal advice and guidance within 60 days. | 64.1% |
| Prepare tax-related budget bills and amendments accurately and on time. | 100% |
| Resolve 95% of legislatively-referred constituent problems within 15 days. | 77.8% |

AUDIT, COLLECTION, AND ENFORCEMENT

| Performance Goal | Status | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|---------------|----|-------------|-------------|----|---------------|------------------|----|------------|-----------|----|------------|-------------|----|------------|------------------|----|-----------|-----------|----|-------------|-------------|----|---------------|------------------|----|------------|
| Meet or exceed 2006-07 Audit Plan target in first-year collections, including \$50 million from the tax shelter voluntary compliance initiative. | \$ 2.616 Billion | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Desk Audit: <ul style="list-style-type: none"> ▪ Complete 550,000 reviews | 581,564 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Corporation Tax Field Audit: <ul style="list-style-type: none"> ▪ Complete 2,800 reviews | 1,971 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income Tax Field Audit: <ul style="list-style-type: none"> ▪ Complete 3,400 reviews | 2,903 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales Tax Field Audit: <ul style="list-style-type: none"> ▪ Complete 5,700 reviews | 5,366 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Transaction & Transfer Tax Audit: <ul style="list-style-type: none"> ▪ Complete 800 reviews | 513 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Maintain average age of Audit protest inventory of 60 days or less. | 97 Days | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Meet or exceed 2006-07 Collection Plan target in total cash collections. | <p>Tax Collections</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Plan YTD:</td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 30%; text-align: right;">937,517,291</td> </tr> <tr> <td>Actual YTD:</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">1,019,092,437</td> </tr> <tr> <td>Actual vs. Plan:</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">81,575,146</td> </tr> </table> <p>Child Support Enforcement</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Plan YTD:</td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 30%; text-align: right;">44,508,750</td> </tr> <tr> <td>Actual YTD:</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">47,393,127</td> </tr> <tr> <td>Actual vs. Plan:</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">2,884,377</td> </tr> </table> <p>Total Collections</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Plan YTD:</td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 30%; text-align: right;">982,026,041</td> </tr> <tr> <td>Actual YTD:</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">1,066,485,564</td> </tr> <tr> <td>Actual vs. Plan:</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">84,459,523</td> </tr> </table> | Plan YTD: | \$ | 937,517,291 | Actual YTD: | \$ | 1,019,092,437 | Actual vs. Plan: | \$ | 81,575,146 | Plan YTD: | \$ | 44,508,750 | Actual YTD: | \$ | 47,393,127 | Actual vs. Plan: | \$ | 2,884,377 | Plan YTD: | \$ | 982,026,041 | Actual YTD: | \$ | 1,066,485,564 | Actual vs. Plan: | \$ | 84,459,523 |
| Plan YTD: | \$ | 937,517,291 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Actual YTD: | \$ | 1,019,092,437 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Actual vs. Plan: | \$ | 81,575,146 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Plan YTD: | \$ | 44,508,750 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Actual YTD: | \$ | 47,393,127 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Actual vs. Plan: | \$ | 2,884,377 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Plan YTD: | \$ | 982,026,041 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Actual YTD: | \$ | 1,066,485,564 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Actual vs. Plan: | \$ | 84,459,523 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Increase the collections recovery rate by an incremental 3% from 2005-06 baseline levels. The rate is the percentage of average inventory collected on an annual basis. This goal assumes implementation of a renewed collections outsourcing initiative. The development and implementation of CISS – Collections, a data warehouse case scoring, selection, and workflow tool, is projected to increase collections in 2007-08 and beyond. | The 12 month rolling recovery rate is 25.71% compared to 23.82% for the same period last year. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tax Collections Operations: <ul style="list-style-type: none"> ▪ Complete 1.2 million case contacts (Call Center and District Office incoming and outgoing telephone contacts + public counter) ▪ File 220,000 warrants ▪ Complete 220,000 other enforcement actions (levies served + income executions + business seizures) | # of Case Contacts: 1,168,484 # of Warrants Filed: 212,529 # of Other Enforcement Actions: 218,140 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Child Support Enforcement Operations: <ul style="list-style-type: none"> ▪ File 70,000 warrants ▪ Complete 60,000 other enforcement actions (levies served + income executions + business seizures) | # of Warrants Filed: 72,406 # of Other Enforcement Actions: 129,090 | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | |
|---|-------|
| Achieve an average quality score of more than 90% in annual Call Center Quality Review, an annual customer service/quality review of recorded calls. | 88.8% |
| Open at least 19 civil and/or criminal cases arising out of the joint Audit and Enforcement Compliance Intelligence Assessment initiative, which uses data analysis tools to identify areas and patterns of noncompliance. | 26 |
| Refer 150 PATB Enforcement (excise tax) cases for prosecution, a 5% increase over 2005-06. | 337 |
| Refer 120 RCB Enforcement (income, franchise, and sales tax) cases for prosecution, a 5% increase over 2005-06. | 120 |
| Maintain downstate CITE cigarette regulatory compliance rate at 95% or better. | 94% |

CONCILIATION AND MEDIATION

| Performance Goal | Status |
|---|---------------|
| Acknowledge 95% of: | |
| ▪ accepted cases within 14 days | 99.7% |
| ▪ rejected cases within 14 days | 97.3% |
| ▪ dismissed cases within 22 days | 96.9% |
| Schedule 90% of initial cases within 180 days. | 99.0% |
| Issue 85% of decisions within three months of conference date. | 86.1% |

TECHNOLOGY AND INFORMATION SERVICES

| Performance Goal | Status |
|--|--|
| <p>Continue the development, construction, and implementation of the e-MPIRE integrated tax system, thereby allowing complete migration off the existing, antiquated UNISYS platform.</p> | <p>Release 3</p> <p>The Release 3 Test Stage Plan was presented to the Executive Leadership Team (ELT) in mid-January to demonstrate how the application development and unit testing will be sequenced. Each stage represents a significant set of deliverables in preparation for integration testing, the last stop before system and user testing. Through January 2007, we have completed the first two stages on schedule. Stages are planned for delivery at the end of each month through June 2007.</p> <p>The R3 Deployment Plan was presented to the ELT in early January as scheduled. Resulting suggestions have been incorporated and lower level planning will continue.</p> <p>Application coding is at peak right now, and will continue at this level through spring. Issues are being resolved as quickly as possible to minimize "wait" time for the developers during this critical stretch of the schedule. Scope control has been working well. The number of change controls is diminishing rapidly.</p> <p>ESD and e-MPIRE support personnel are having some difficulty in keeping up with technical issues arising from the use of the new technologies within the Returns Processing components. Daily meetings continue to ensure efforts are applied to the most critical priorities of the day. Issue repair time frames are a concern, especially as we move into using more complex capabilities of the architecture in Stages 3 and 4.</p> <p>Recruitment to replace key staff turnover and fill any additional needs is an ongoing priority. Seven (7) additional contractors (primarily JAVA and COBOL staff) were hired in January. Recruitment of additional COGNOS resources for TA/RA reporting continues to be a challenge. We are working with OTPA to temporarily leverage internal resources. We are also looking to hire more JAVA coders to provide additional capacity and minimize the impact of turnover late in the schedule.</p> <p>The User Testing Team Lead will retire in March. Timely recruitment of a strong manager to replace her is critical.</p> <p>Version 6.02 of IBM Monitor was installed in late January. Support teams are working on installation issues before beginning development on the new platform.</p> <p>The analysis of the needs for the R3 Training environment has been completed. A Training Environment Coordinator has been appointed and will jump-start this critical set of activities. General planning and preparation for Training also continues.</p> |

| | |
|--|---|
| | <p>The System/User Test Approach has been completed. User Test staff have begun testing assignments.</p> <p>End Users have reviewed and approved the IT-201 business rules. They are reviewing the IT-150, IT-214 and the IT-210 during February</p> <p>Release 4</p> <p>Leadership from TSRD, Audit, ESD and e-MPIRE reviewed various deployment options for Sales Tax and determined that development and deployment of the TI requirements for R4 and the new structures for the Sales Tax rate table represent a significant step forward. Analysis of the TI requirements will begin in April 2007, with a development completion date of March 2008.</p> |
| <p>Ensure access to major online systems during 99% of normal work hours.</p> | <p>Major online systems were available 99% of normal work hours.</p> |
| <p>Ensure availability of network resources during 99% of normal work hours.</p> | <p>Network resources were available 99% of normal work hours.</p> |
| <p>Complete and/or advance portfolio of more than 50 discrete technology projects on time and within budget.</p> | <p>During the fiscal year to date, ESD allocated 17% of available staff time to project work. Nine mandatory IT projects have been completed. Seven of the nine mandatory projects (78%) completed within 10% of the project end date.</p> |
| <p>Develop and implement prototype State-Wide Authentication Network (SWAN) in consultation with the State CIO. Tax requested approximately \$400,000 in 2006-07 to pilot this advanced e-services gateway and authentication facility.</p> | <p>Phase 3 of the Online Tax Center was implemented on January 18th. This phase includes full business registration, allowing business taxpayers to manage accounts for their employees, including delegating functional roles to those employees. The next phase will include tax preparer registration, allowing tax preparer firms and payroll service providers the capability to manage their accounts for their employees and client accounts, including delegating functional roles to those employees. To date there are 6,889 individuals, 1,373 view and pay businesses, 93 zero tax due and 5 full businesses registered.</p> |
| <p>Implement Corporation Tax e-file by January 2007.</p> | <p>User testing of the front-end web services code for the Fed/State project was completed in the User Test Maintenance (UTM) environment and the code was deployed to Production in time for the implementation date of January 9th. This allowed for retrieval and receipt of e-file submissions. User testing of the Process Server code and the back-end e-MPIRE mainframe code for Fed/State was also completed this month and migrated to Production as well. This allowed for posting of returns to e-MPIRE, receipt of ACH payments and acknowledgement of e-file submissions. With this code in place, twenty initial submissions were posted to e-MPIRE on February 1st. The Workplace Forms product has been integrated into the e-MPIRE framework for display of the Corp Tax forms. The mapping of the 14 Corp Tax forms in Workplace Forms is currently undergoing validation in the UTM environment.</p> |

TAX POLICY, REVENUE ACCOUNTING, AND TAXPAYER GUIDANCE

| Performance Goal | Status |
|---|---|
| Issue annual tax forms and instructions on time with 100% accuracy. | 100% |
| Issue taxpayer guidance on Tax Law changes (publications, TSB-Ms, forms, instructions) at least 30 days prior to effective date or, if retroactive, within six weeks of DTF becoming aware of need. | 99% |
| Issue advisory opinions within 90 days of receiving a completed petition. | 13.3% |
| Prepare 100% of fiscal notes within four weeks of request. | 94.3% |
| Implement a phased program of forms/instructions redesign and simplification, beginning with nonresident income tax return instructions. | The 2006 tax year IT-203 instructions have been redesigned. |
| Issue new industry-specific sales tax publications. | The following publication has been issued: Sales Tax Guide for Vet Services |
| Develop new documents and regulatory proposals that will provide clarification to the taxpayer community on significant outstanding policy issues. | <p>The following documents have been issued:</p> <ul style="list-style-type: none"> • Revised treatment of retirement payments to nonresident partners TSB-M • Summary 2006 PIT and corporation tax legislative changes TSB-Ms • Information for New York S corporations subject to Article 9-A TSB-M • Corporation Partnership regulation and TSB-M • Stock Option regulation and TSB-M • TSB-M announcing new document series, New York Tax Guidance (NYT-G), created to provide guidance on specific questions • Reportable Transactions Subject to Disclosure regulation • TSB-Ms on Fire Safety for Cigarettes and Roll-Your-Own Cigarettes • Handicapped-Accessible Taxis TSB-M • Certain practitioners must e-file PIT extensions TSB-M • Dyed Diesel motor fuel TSB-M • B20 fuel TSB-M • Electronic Funds Transfer regulation • Domestic corporations exempt from 9-A fixed dollar minimum tax TSB-M • Alternative fuels TSB-Ms (sales tax and excise tax/PBT) • New Publication—Sales Tax Quick Reference Guide • Cents-per-gallon rate on fuel tax regulation, emergency regulation, statewide TSB-M, and locality option TSB-M • Convenience of the Employer TSB-M • State sales tax exemption on clothing TSB-M • Treatment of retirement payments to nonresident partners TSB-M • Hazardous waste disposal special assessment TSB-M |
| Implement Kudlow Commission recommendations as enacted into law. | Although some of the recommendations from the Kudlow Commission were proposed as part of the SFY 2006-07 Executive Budget, none were enacted into law. Implementation of the tax law changes as enacted in the 2006 legislative session is ongoing. |

CENTRALIZED OPERATIONS SUPPORT

| Performance Goal | Status |
|--|--|
| Reduce telecommunication costs by 2% from 2005-06 level by more efficiently managing such activities, as well as evaluating the necessity of current usage trends. We will also evaluate implementing Voice over IP (VoIP) with the goal of further reducing expenditures by up to 5% within three years, assuming agency-wide implementation. | 8.15% reduction |
| Reduce printing and mailing expenditures by 2% from 2005-06 levels through more efficient work-flow processes, ongoing validation and refinement of mail volumes, and leveraging the Internet as a means to disseminate information. | 1.5% increase |
| Mail 100% of all documents within deadlines. | 98.6% |
| Maintain 100% error free inventory control of seized alcohol and tobacco products. | <p>The alcohol auction award letters from OBMA to successful bidders have been delayed due to issues with some bidders improper submissions, one bidder with open liabilities and one bidder whose status with SLA has changed. If any or all bidders are disqualified the next highest bidders for those lots will be awarded. Once all awards are made and product picked up by successful bidders verification of alcohol inventory with Law Manager data base will commence at completion of auction process.</p> <p>Once the alcohol auction is complete we will conduct a cigarette auction and verify the remaining physical inventory with the Law manager system.</p> |

TREASURY MANAGEMENT

| Performance Goal | Status |
|--|---------------|
| Prepare 99% of monthly reconciliations within 30 days of bank statement receipt. Treasury reconciles over 100* checking accounts each month. * This estimate was adjusted from 150 checking accounts as written in original goal. | 98.1% |
| Mail 100% of General Checking Account checks on time. Daily average is 17,000 checks (the original estimate was 8,000). | 100% |
| Issue vendor checks requested by paper warrants within two days and checks requested electronically the same day. | 100% for both |
| Issue PIT replacement checks within a week of receiving affidavit. | 99.0% |
| Complete 99% of daily trades by 1 PM to maximize trading efficiency. | 99.7% |
| Deposit and report 99.9% of receipts and disbursements within 24 hours. *This goal reflects deposits of checks only. | 100% |
| Issue UIB replacement checks within a week of receiving an LDA (Lost Draft Application). | 88.6% |

REVENUE PROCESSING AND RECONCILIATION

| Performance Goal | Status |
|---|--|
| Process approximately 24 million returns (including 8 million coupon returns) and more than \$67 billion in State and local tax payments on time with 100% accuracy. | Through January we processed 18,363,816 returns and \$69,963,871,853 in state and local tax payments on time with 99.9% accuracy. |
| Reduce exception rates for all tax types through systems improvements and enhanced taxpayer guidance and assistance, provided through written material, telephone support, and the Internet. | The cumulative rate for April through January was 5.50%. This is an increase over the rate of 5.12% for the same period last year. |
| Increase E-file and 2-D bar coding of personal income tax returns 25% over 2005-06 levels (to at least 60%). | Filings from April-January increased 49.94% over last year. |
| Receive 62% of tax revenue by electronic funds transfer. | 48.4% |
| Send 95% of PIT refunds to Office of the State Comptroller at least 10 days before interest start date. | 100% |
| Deposit 99.5% of tax receipts within one day of receipt. | 99.1% (calculated from the April-January averages) |
| Maintain average age of protest inventories at or below target levels: <ul style="list-style-type: none"> ▪ Personal Income Tax - 60 days ▪ Corporation Tax - 60 days ▪ Sales Tax - 60 days ▪ Withholding Tax - 60 days | 62 days 92 days 25 days 34 days |
| Maintain average age of exception inventories at or below target levels: <ul style="list-style-type: none"> ▪ Personal Income Tax - 45 days ▪ Corporation Tax - 60 days ▪ Sales Tax - 60 days ▪ Withholding Tax - 60 days | 4 days 69 days 27 days 28 days |
| Answer 85% of PIT information telephone inquiries within an average of 5 minutes during peak processing periods, and limit the average number of call attempts during peak to 1.5 attempts or less. | 76.4% Service Level (calculated from the April-January averages) 1.23 attempts (calculated from the April-January averages) |
| Answer 85% of business tax information telephone inquiries within an average of 2 minutes, and limit the average number of call attempts to 1.2 attempts or less. | 73.8% Service Level (calculated from the April-January averages) 1.05 attempts (calculated from the April-January averages) |
| Achieve an average quality score of more than 90% in our annual Call Center Quality Review, an annual customer service/quality review of recorded calls. | 94.1% |
| Resolve 90% of written inquiries (including protests) within 90 days. | Calculated from the April-January averages: Business Tax-89.4% Personal Income Tax-77.2% |
| Process sales tax registrations within 5 days of receipt. | 3.6 days |
| Assist taxpayers in legally dissolving or reinstating corporations within 30 days of receipt. | 25.0 days |
| Process enrollments and updates for mandatory and voluntary electronic funds transfer participants within 30 days. | 18.0 days |
| Resolve exceptions for mandatory and voluntary electronic funds transfer participants within 60 days. | 6.7 days |
| Process cigarette retail license applications/renewals within 10 days. | 2.8 days |