

REPORT #800

TAX SECTION

New York State Bar Association

Letter on Tax Policy Study

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August 18, 1994

The Honorable James W. Wetzler
Commissioner of Taxation and Finance
Building 9, W. A. Harriman Campus
Albany, New York 12227-1215

Re: Tax Policy Study

Dear Jim:

Thank you for your letter of August 3 inviting the Tax Section to participate in the study by the Department of Taxation and Finance concerning broad-based tax reduction options. We are prepared and willing to assist in this effort.

We have considered how we could be most helpful in this effort. As you know, we are tax lawyers rather than economists, and therefore we have no particular expertise in the economic development potential (or even the relative fairness) of the various alternative broad-based tax reductions.

We believe we could be helpful on a more technical level as the project develops. Many of our members are experts in various areas of State tax law. Moreover, our members deal regularly on administrative and compliance issues, and we would be able to assist in evaluating those aspects of any specific proposals that might be made.

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We would like to suggest a subject that we believe would be a fruitful addition to your list of possible changes in the State tax law: increasing the substantive conformity of State tax law with Federal tax law and New York City tax law, and coordinating to the greatest extent possible the administration of the State tax system and those other tax systems. We believe the resulting simplification, even if achieved at some revenue cost, would greatly enhance the business environment in the State, benefit the economy in the long run, and greatly reduce administrative and compliance burdens on taxpayers.

In addition, while not precisely in your bailiwick, if the Governor is investigating areas in which tax administration could be improved, one obvious current problem is the location of all Division of Tax Appeals hearings in Troy. The Tax Section has repeatedly urged that hearings be conducted throughout the State, and we believe that such a change would significantly enhance the dispute resolution process at what we believe would be a relatively insignificant cost to the State.

Please let us know how you think we can be helpful in the Department's study. We would be happy to discuss this further with you at Mohonk the weekend of October 1.

Very truly yours,

Michael L. Schler
Chair, Tax Section