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July 14, 1995

Honorable George E. Pataki
Governor of the State of New York
Executive Chamber
Albany, NY 12224

Re: Regulatory Reform

Dear Governor Pataki:

Early in your administration you established a moratorium on State regulations, and directed each Department to evaluate existing regulations and identify areas in which rules or regulations should be modified, rescinded or withdrawn.

We recognize that governmental regulations can be burdensome, but the Tax Section also believes very strongly that the promulgation of tax regulations generally is helpful to the business community. Tax obligations arise under specific statutes and must be understood and complied with, frequently on a daily basis, by New York taxpayers. Slowing the flow of interpretative and explanatory tax regulations can burden taxpayers, rather than help them, for they will still be required to comply with the tax statutes but will not have the benefit of regulatory guidance setting forth the government's interpretation of those laws. For these reasons the Tax Section has consistently urged the State and federal governments to expedite, rather than rein in, the issuance of tax regulations.

Recently the Department of Taxation and Finance issued its Report on Regulatory Reform (copy enclosed). We were pleased to see that our concerns featured prominently in the Department's evaluation of the kinds of regulatory reform it should implement. We particularly commend Commissioner Urbach and his staff for directing the focus of tax regulatory reform to those aspects of tax regulations that impose "record-keeping, filing and documentation requirements." It is

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precisely in these areas, and not by reducing substantive regulation, that reform of tax regulations can best serve to ameliorate burdens on New York taxpayers.

We are therefore encouraged by the approach reflected in the Department's Report. Please do not hesitate to contact me if the Tax Section can be of any assistance to your Administration in this regard.

Very truly yours,



Carolyn Joy Lee
Chair

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Report on Regulatory Reform

**New York State
Department of Taxation and Finance
April 1995**

**Michael H. Urbach
Commissioner**