



Department of
Taxation and Finance

MICHAEL R. SCHMIDT
Commissioner

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EXECUTIVE CORRESPONDENCE

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OFFICE OF THE STATE COMPTROLLER
THOMAS P. DINAPOLI
COMPTROLLER

November 16, 2020

The Honorable Andrew M. Cuomo
Governor of New York State
NYS Capitol Building
Albany, NY 12224

Dear Governor Cuomo:

Enclosed is the Department's status report on the implementation of recommendations contained in the Office of the State Comptroller's audit report entitled: "Collection of Petroleum Business and Motor Fuel Excise Tax, Report 2018-S-28 dated May 2020."

Sincerely,

A handwritten signature in black ink, appearing to read "M. Schmidt".

Michael R. Schmidt
Commissioner

Enclosure

cc: Majority Leader Stewart-Cousins
Speaker Heastie
Senate Finance Committee Chair Krueger
Ways and Means Committee Chair Weinstein
Comptroller DiNapoli

Department of Taxation and Finance
Status of the Office of the State Comptroller's
Recommendations Contained in the Final Audit Report on
Collection of Petroleum Business Tax and Motor Fuel Excise Tax

November 16, 2020

Recommendation 1:

Using a risk-based approach, revisit existing collateral security amounts to determine if they are appropriate, and adjust them as warranted.

Department Response:

The Department is reviewing and revising its procedures to ensure that the correct amount of collateral security is pledged over the course of time that a distributor is licensed. The Department will conduct reviews of collateral security amounts pledged by distributors at least every three years on a quarterly basis to ensure that tax revenues are adequately protected. In addition, a review will be conducted if a distributor is selected for audit. Procedures to implement periodic reviews are being developed and evaluated. It is anticipated that a review of the first group of distributors will be conducted by May 31, 2021.

Recommendation 2:

Assess whether distributors that are required to enroll in Promptax are complying with applicable requirements, and take appropriate follow-up action as needed.

Department Response:

In March 2019, the Department successfully implemented an ongoing monitoring process of all the Petroleum Business Tax (PBT) and Motor Fuel Excise Tax (MFT) taxpayers in the Promptax program to ensure they are properly enrolled and making their required payments. Since this process was implemented, we notified four distributors in July 2019 and notified three distributors in July 2020 that they were mandated to participate in the Promptax program. They all timely enrolled in the program and, like the already existing participants in the program, are complying with payment requirements.

