



Roy Cooper
Governor

Ronald G. Penny
Secretary

June 23, 2017

Ms. Kristi Jones
Chief of Staff
Office of Governor Roy Cooper
1 East Edenton Street
Raleigh, NC 27601

Re: Budget Policy Concerns

Dear Kristi:

The budget bill funded our requests at the same level as the Governor's budget. Both the cuts of job positions and special provisions were ones we suggested. The affected position reductions were those made vulnerable by moving from paper to electronic processing.

The major problem for DOR that surfaced in the budget is the reduction in the Department of Justice's budget. There are six positions established in the Justice Department Budget to provide services to the Department of Revenue. These attorneys provide legal advice on the business issues of the Department. However, most of their time is spent on tax issues impacting the collection of taxes and the revenue generated. These attorneys are very important in helping the Department establish the judicial precedent that is used in administering the tax law to the 12 million taxpayers of North Carolina and among the 23 different tax types.

The loss of any of these positions would impact our ability to function properly. For example, there are, at any given time, 1500 requests for review by taxpayers. These requests for review, contest assessments rendered by the Department as a part of our interpretation of the tax law. How those issues are resolved sets a precedent for other cases and determines how we will administer the tax law as well as the amount of money that a provision will generate. The civil lawsuits handled by these attorneys address the multiplicity of tax protesters as well as other matters.

With the estimated loss of positions in the revenue section of the Attorney General's office, the Department will be required to allocate resources to replace the loss of funding facing the Justice Department. Obviously, the Department budget did not anticipate funding two attorney positions. However, the positions are so vital, the Department cannot afford to leave these positions vacant and cripple our ability to administer effectively the tax laws of North Carolina. This is in essence a budget cut for our agency.

Sincerely,

Ronald G. Penny
Secretary