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January 16, 2007

Honorable Eliot Spitzer
Governor of the State of New York
Executive Chamber
Albany, NY 12224

Dear Governor Spitzer:

On behalf of the Tax Section of the New York State Bar Association, I am pleased to welcome you as our new Governor. As you may know, the Tax Section is dedicated to providing assistance to federal, state and local governments through the preparation of reports on tax related topics. Our reports and letters are intended to provide balanced analysis and insights from the perspective of practicing tax attorneys. In this regard, we offer our assistance to you and your administration.

One of our most important concerns is the promulgation of tax regulations. While reducing governmental regulations may be appropriate in some areas, the Tax Section very strongly believes that interpretive and explanatory tax regulations are essential to the proper administration of the State's tax system. Well-drafted tax regulations assist the public by providing much needed guidance to business and individuals regarding New York's tax statutes, and their tax obligations. Clear rules permit uniform compliance by taxpayers, and uniform enforcement by the Department of Taxation and Finance — both elements that are essential to a fair and transparent tax regime. Unfortunately, the prior administration viewed regulation as burdensome, and imposed a variety of barriers to the prompt promulgation of interpretative tax regulations. We are writing to urge that your administration take a different tack, and instead encourage the Department of Taxation and Finance actively to develop and promulgate regulations explaining our myriad tax statutes.

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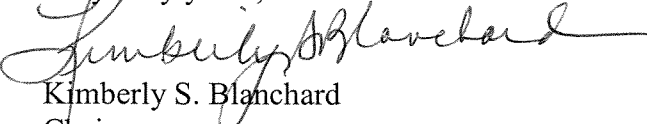
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We may not always agree with the substance of every proposal, but the process of developing tax regulations is useful to all parties, and important in ensuring certainty and equality of treatment.

In the past, the Department of Taxation and Finance has solicited comments and drafting assistance from taxpayers and tax professionals on proposed regulations prior to their promulgation, including forming working groups of tax professionals and business representatives to assist in identifying areas of the tax law that require clarification. For example, two projects on which members of the Tax Section and others worked with Department staff recently, at the Department's request, include extensive new regulations on the tax treatment of corporate partners and new regulations on the treatment of stock options. (Tax Report #1117). This practice permits the Department to receive different points of view with respect to legal interpretations as well as feedback on the practical aspects of proposed regulations. In our opinion, the Department's activities in this regard have been successful and should be commended. We hope your administration will encourage the continuation of this practice.

We look forward to working with you and your administration, in particular with the new Commissioner of the Department of Taxation and Finance when he or she is appointed. Please feel free to contact us at any time.

Very truly yours,



Kimberly S. Blanchard
Chair

Enclosure

Cc: Paul Francis, Budget Director
Richard Baum, Secretary to the Governor
David Nocente, Esq., Counsel to the Governor