

# Local Government Snapshot



NEW YORK STATE OFFICE OF THE STATE COMPTROLLER

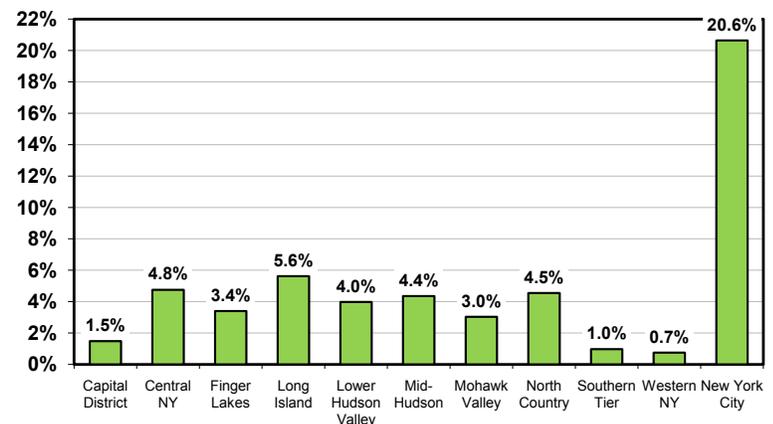
Thomas P. DiNapoli • State Comptroller

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## Sales Tax Collections Continue to Rebound Uneven Recovery Across New York

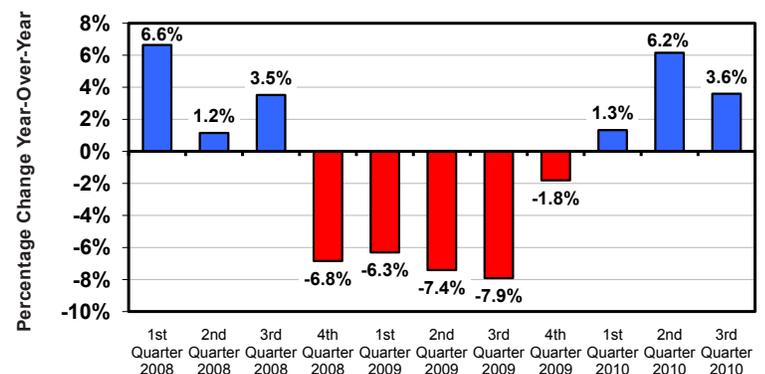
- Local sales tax collections, including New York City's, increased by 10.5 percent during the first three quarters of 2010, compared to a 9.0 percent decline in the same period the year before. However, over a third of this growth is due to sales tax rate increases and the extension of the sales tax to additional items in New York City and Nassau County. Adjusting for these tax increases, the growth in sales tax collections to date in 2010 has been about 6 percent.
- New York City sales tax collections increased by 20.6 percent during the first three quarters of 2010. This is a significant improvement over the 11.4 percent decline during the same period a year ago, although the increase was due in large part to changes to the sales tax rate and base. In August 2009, the City increased its sales tax rate by 0.5 percent to 4.5 percent and lifted the exemption on clothing and footwear over \$110. The rate increase alone accounted for almost half of the growth in New York City's sales tax collections. Adjusting for the rate change, collections increased by about 10 percent.
- County sales tax collections outside New York City grew by 3.7 percent in the first three quarters of 2010, as compared to a 7.2 percent decline during the same period in 2009. Collections grew by 1.3 percent in the first quarter, accelerated to 6.2 percent in the second quarter, and grew again by 3.6 percent in the third quarter. The first three quarters of 2010 are the first consecutive quarters with year-over-year growth since 2008.
- Every region experienced increases in sales tax collections during the first three quarters of 2010, compared to the same period in 2009. However, growth was quite uneven around the State. The increase was anemic in Western New York, where collections grew only 0.7 percent. Outside of New York City, the highest growth was 5.6 percent in Long Island, due in part to increased Nassau County sales tax collections from a residential energy tax that was in effect from January through May 2010.

### Local Sales Tax Collections by Region January - September 2009 to 2010, Change Year-Over-Year



Source: Department of Taxation and Finance, Office of Tax Policy Analysis, Sales Tax Cash Distribution Database; additional calculations by the Office of the State Comptroller. Numbers not adjusted for tax rate or tax law changes. Includes only county and New York City sales tax collections.

### Quarterly Change in County Sales Tax Collections (excluding NYC) 2008 - 2010



Source: Department of Taxation and Finance, Office of Tax Policy Analysis, Sales Tax Cash Distribution Database; additional calculations by the Office of the State Comptroller. Numbers not adjusted for tax rate or tax law changes.

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- The unevenness in economic activity is highlighted by the fact that sales tax collections still declined in 17 counties. Particularly steep declines in Tioga and Schuyler counties were due in large part to technical adjustments by the State Department of Taxation and Finance.
- Much of Chemung County's strong 10.4 percent growth was due to one large vendor filing. Jefferson County's apparent strong growth was due to technical adjustments, while Ontario County had a 0.375 percent sales tax rate increase that took effect in September 2009.
- Another issue on the horizon is the impact of sales tax redistributions among local governments. Twenty-nine counties currently distribute a portion of sales tax revenues to local governments within their borders, and many sales tax sharing agreements are based at least in part on population. The publication of the 2010 Census results early in 2011 could potentially result in significant shifts in sales tax distributions between units of local government. Cities, many of which have been losing population, are particularly at risk.

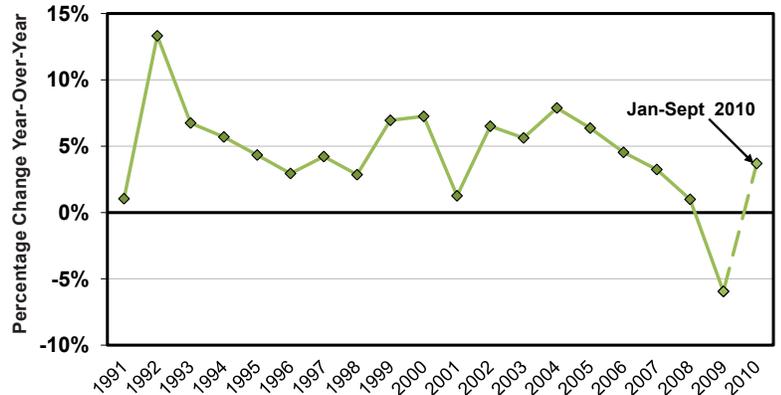
## Sixteen Cities That Could Potentially Lose Over \$50,000 in Sales Tax Revenue Sharing With the 2010 Census Numbers

Buffalo	-\$1,083,330
Niagara Falls	-\$513,723
Albany	-\$485,924
Watervliet	-\$254,724
North Tonawanda	-\$234,566
Lockport	-\$204,759
Cohoes	-\$180,787
Jamestown	-\$164,732
Elmira	-\$151,040
Geneva	-\$142,131
Tonawanda	-\$92,790
Canandaigua	-\$88,481
Dunkirk	-\$87,482
Lackawanna	-\$86,618
Hudson	-\$74,487
Rye	-\$58,736

Based on using 2009 Census estimates and 2009 sales tax collections.

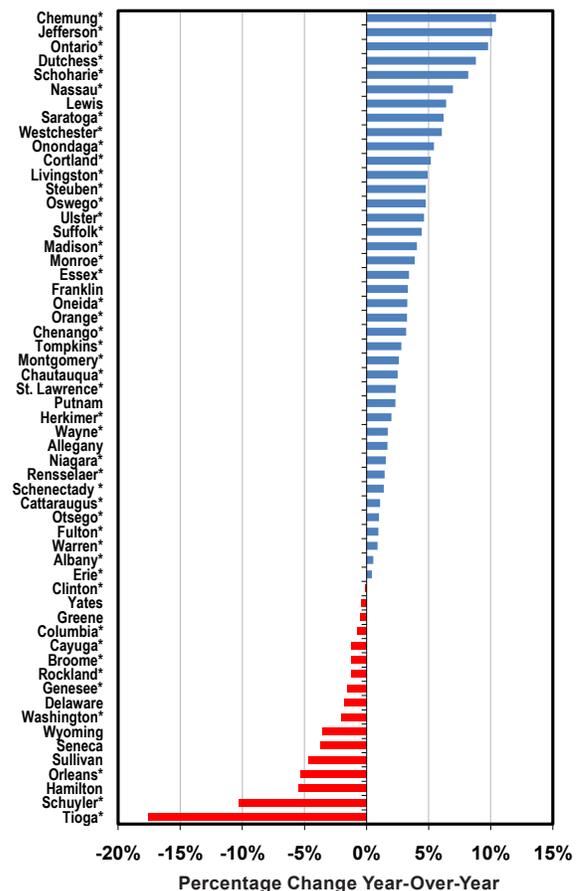
Source: U.S. Census Bureau, Population Estimates Program; Department of Taxation and Finance, Office of Tax Policy Analysis, Sales Tax Cash Distribution Database; additional calculations by the Office of the State Comptroller.

## County Sales Tax Collections (excluding NYC) 1991 - 2010



Source: Department of Taxation and Finance, Office of Tax Policy Analysis, Sales Tax Cash Distribution Database; additional calculations by the Office of the State Comptroller. Numbers not adjusted for tax rate or tax law changes.

## Sales Tax Collections By County January - September 2009 to 2010



\* - Counties that share sales tax revenues with local governments.

Source: Department of Taxation and Finance, Office of Tax Policy Analysis, Sales Tax Cash Distribution Database; additional calculations by the Office of the State Comptroller. Numbers not adjusted for tax rate or tax law changes.