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To: County Chief Fiscal Officers

From: Division of Local Government Services and Economic Development

Subject: Accounting and Budgeting for Shared Sales Tax Revenues

Please provide copies of this bulletin to others who may need this information.

Purpose of Bulletin

This bulletin highlights accounting and budgeting changes for counties who share their own sales tax revenues with other local governments within their boundaries. These changes are necessitated by the recent Statements from the Governmental Accounting Standards Board (GASB).

Discussion

The guidance contained in this bulletin is based on information included in Governmental Accounting Standards Board (GASB) Statement 33 *'Accounting and Reporting for Nonexchange Transactions'* and Statement 36 *'Recipient Reporting for Certain Shared Nonexchange Revenues.'*

A majority of counties in New York State share portions of their sales tax revenues with other local governments. GASB Statement 33, as amended by Statement 36, addresses governments who share their own derived tax revenue – in this case sales tax – with other governmental entities. The guidance contained in these Statements requires the county, as a provider government sharing portions of its sales tax revenue, to record an expenditure for the amount of sales tax revenue shared.

In essence, counties will need to recognize sales tax revenues on a gross basis and record expenditures for sales tax revenues that are shared. While implementing this gross basis treatment will represent a change in accounting for shared sales tax revenues, this change will have no impact on the county's financial position.

Your upcoming 2007 county budget should incorporate the gross basis method for accounting for shared sales tax revenues.

New Appropriation Account Established

A new appropriation code **Account 1985.4 – Distribution of Sales Tax** should be used to record this expenditure.

Note Disclosure

Affected counties should include information in the notes to their financial statements disclosing the change in accounting for shared sales tax revenues.

Additional Information

If you have questions pertaining to this bulletin, please contact the State Comptroller's regional office that serves your government. A listing of regional offices is enclosed.

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