Local Sales Tax Collection Growth Slows to 3 Percent in 2014; Slowest Growth Since 2009

Statewide Trends

- Total local sales tax collections in New York State grew by $439 million, or 3.0 percent, from 2013 to 2014. This was less than the 2012 to 2013 growth of 5.2 percent, and the slowest annual growth since the end of the 2008-09 recession.

- About 69 percent of the dollar growth in local sales tax collections took place in New York City. The City’s sales tax collections grew by $304 million, or 4.8 percent from 2013 to 2014. Although this was less than the 6.8 percent growth seen in 2013, it continued the pattern of strong sales tax performance in the City since the end of the recession.

- The increase in county sales tax collections, excluding all cities, was 1.3 percent from 2013 to 2014 – significantly lower than the 3.8 percent growth experienced from 2012 to 2013.

Importance of Local Sales Tax Revenue

- The sales tax is a major revenue source for New York City and the 57 counties outside of the City, which collectively receive 92 percent of all local sales tax collections.

- Sales tax made up 33.2 percent of county revenues in 2013, the largest single county revenue source. Almost one-quarter of these sales tax revenues were distributed by the counties to other local governments, including cities, towns, villages and school districts.
The strongest 2014 sales tax performance was in the North Country, where collections grew 7.7 percent. Much of this improvement can be explained by increases in sales tax rates in three North Country counties that took effect in late 2013, but were in place for all of 2014. Essex and Lewis counties increased their tax rates from 3.75 percent to 4 percent, while the St. Lawrence County rate increased from 3 to 4 percent.

In the Long Island region, sales tax collections declined by 1.4 percent from 2013 to 2014. This was due in part to the wind-down of the rebuilding efforts that followed “Superstorm Sandy” in late 2012. Storm-related spending pushed Long Island sales taxes to grow by 6.9 percent in 2013, and the 2014 decline may largely reflect a return to more normal long-term collection levels.

Local sales tax collections grew by just 1.2 percent in the first quarter of 2014 over the first quarter of 2013. While some of this weak growth may be due to reduced spending as post storm rebuilding entered its second year, slow growth was considerably more widespread than the effects of the storm and reflect a slowdown in the national economy in that quarter (GDP declining by 2.1 percent). In the second, third and fourth quarters sales tax growth improved to 3.5 and 3.6 percent. This was still slower, however, than the 15-year sales tax trend of 4.2 percent year-over-year growth.
County Sales Tax – County-by-County Trends

- Sales tax collections grew in 52 of the 57 counties outside of New York City from 2013 to 2014. The strongest growth was in St. Lawrence County, where an increase in the sales tax rate from 3 to 4 percent helped spur a 30 percent jump in collections. Hamilton County also increased its sales tax rate from 3 to 4 percent and derived 25.7 percent growth. Lewis County saw 12.9 percent growth, helped by a 0.25 percent increase in its sales tax rate. However, while Essex County also increased its rate by 0.25 percent, it only experienced a 6.2 percent increase in collections.

- Only five counties experienced a decline in their sales tax collections from 2013 to 2014. The sharpest decline was in Nassau County (4.3 percent), which was the center for the effects of Superstorm Sandy. The other counties with collection declines were Clinton (0.2 percent), Genesee (0.2 percent), Oneida (0.1 percent) and Seneca (1.4 percent). Although some of these declines were due to technical adjustments by the Department of Taxation and Finance to these counties’ sales tax distributions, much of the slowdown was the result of weaker retail sales.

1 Sales tax collections data from New York State Department of Taxation and Finance. Local sales taxes are those imposed for entities other than the State.

2 The remaining 8 percent of local sales tax collections are distributed to other cities, certain school districts, the Metropolitan Transportation Authority (MTA) and other designated entities.

3 County revenue data is from the Office of the State Comptroller. 2013 is the latest year for which revenue data is available.

4 Regional sales tax collections include counties and cities with a general sales tax, but exclude cities with a segmented sales tax, school districts, the MTA and other entities.

5 The local rate is combined with the State rate of 4 percent to determine the overall sales tax rate for each jurisdiction.