

# Growth in Local Sales Tax Collections Slows in the First Half of 2019

## Statewide Trends

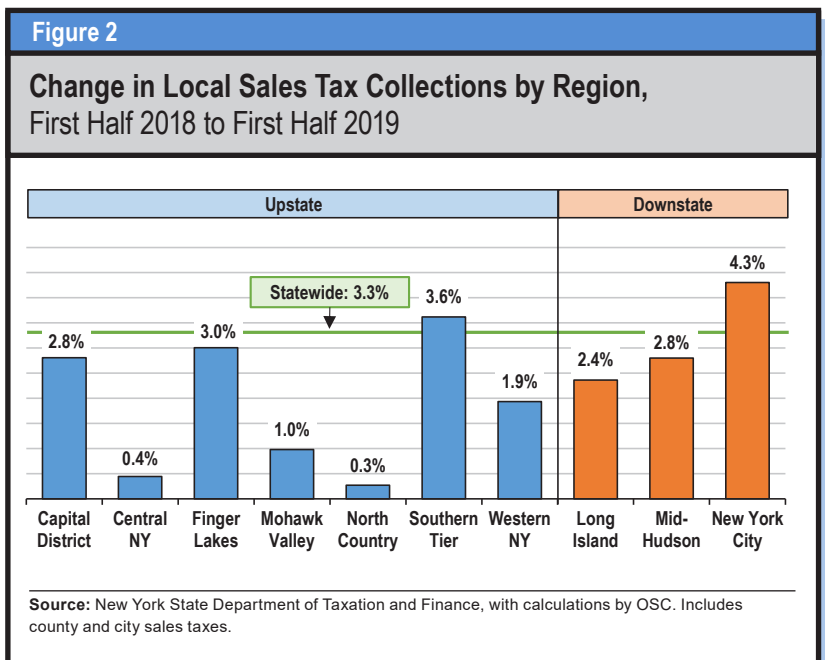
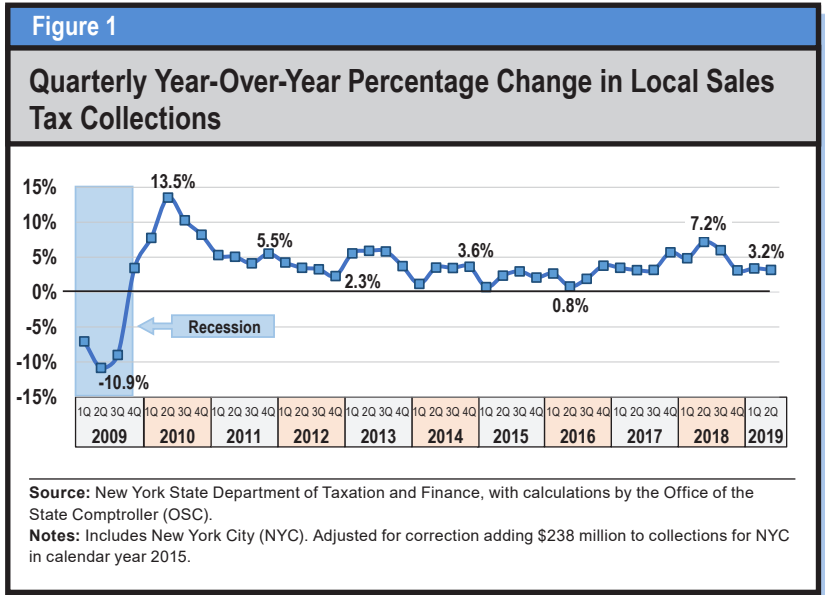
Local sales tax collections for the first half of 2019 totaled \$8.8 billion in New York State. Collections grew by 3.4 percent and 3.2 percent in the first and second quarters, respectively, over the same periods in 2018. This moderate pace is closer to those seen in most of 2017 than to the stronger early quarters of 2018.<sup>1</sup> (See Figure 1.)

Most of the economic factors that typically explain overall sales tax collections – such as wages and consumer spending – are growing at a modest pace. However, a decrease in gasoline prices in the first half of 2019 caused a drop in the portion of tax collections from the sale of motor fuels.

## Regional Patterns

As in recent years, collections growth in the first half of 2019 was strongest in New York City (4.3 percent). Outside the City, only the Southern Tier had a growth rate above the statewide average of 3.3 percent.

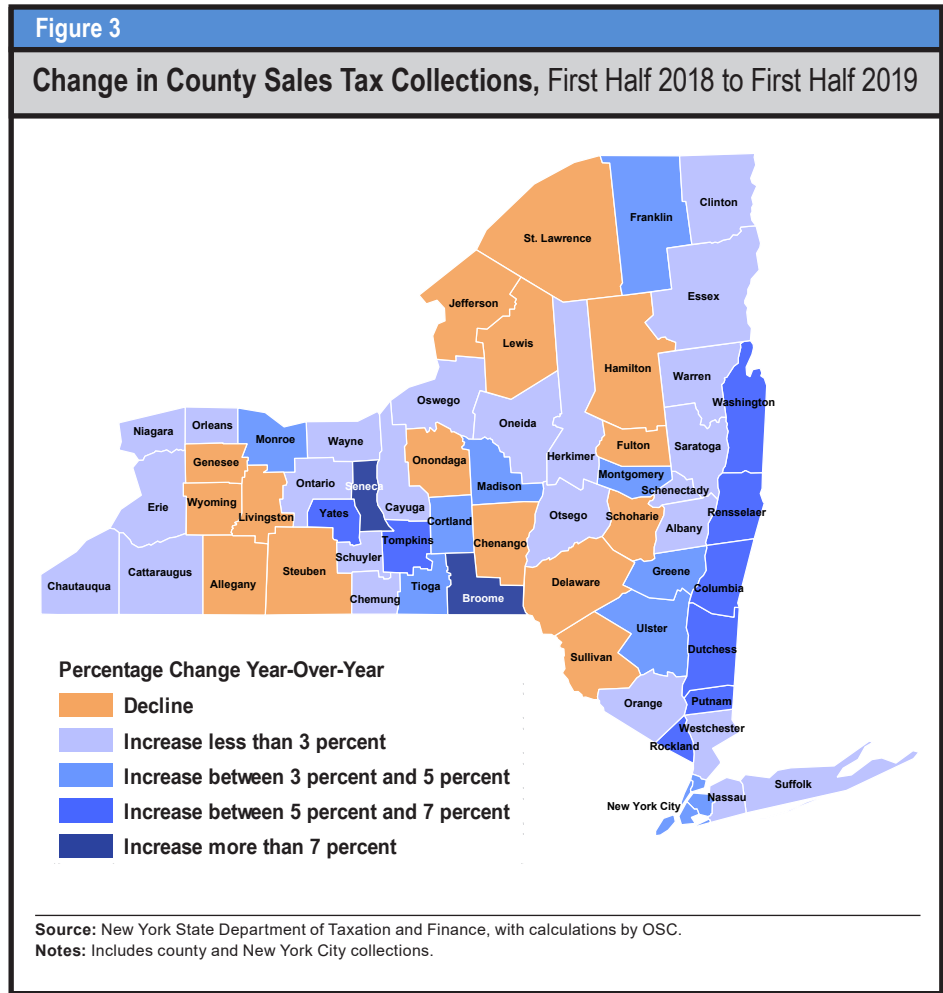
Most regions upstate were quite weak, with three – the Central New York, Mohawk Valley and North Country regions – growing by 1.0 percent or less. (See Figure 2.)



## County Collections

This weakness is even more pronounced at the individual county level, with collections in 15 mostly upstate counties declining from the same period last year. By comparison, collections in only three counties declined in the first half of 2018 compared to the same period in 2017.

Some of these declines – including in Delaware, Hamilton and Sullivan counties – were due (at least in part) to corrections made by the Department of Taxation and Finance (Tax & Finance) to collections from prior periods or late filing changes, rather than to actual declines in sales.<sup>2</sup>



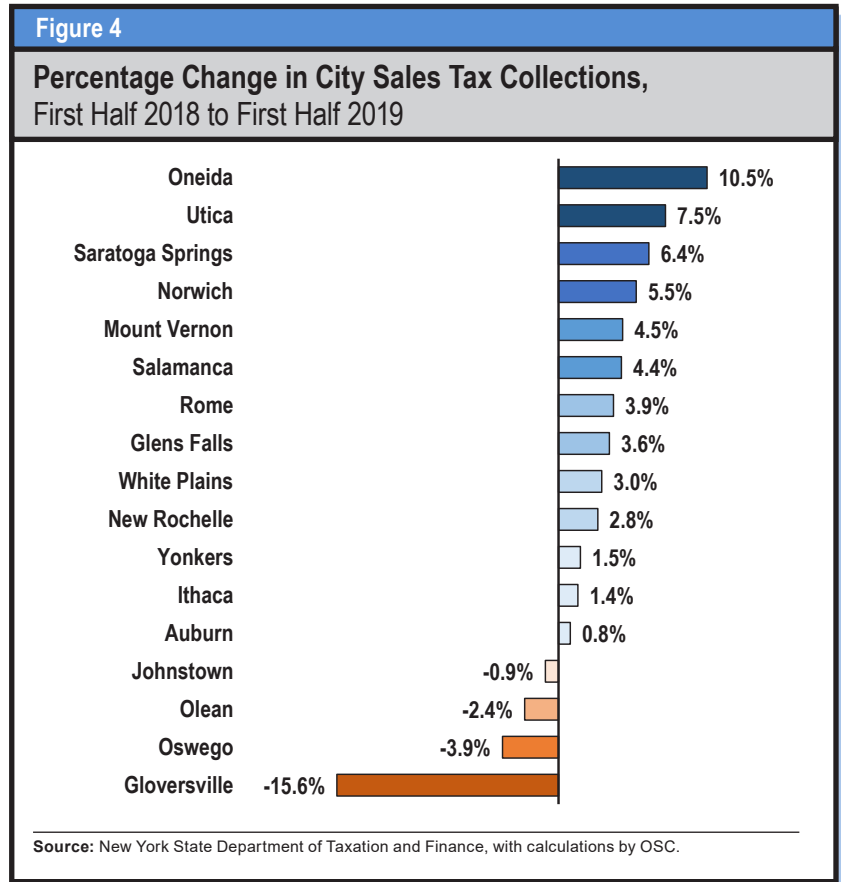
However, most counties saw at least some growth, and certain counties had fairly robust increases, including a number along the eastern border of the State from Putnam County to Washington County. Broome County had the highest year-over-year increase of 9.8 percent, followed by Seneca County (7.3 percent) and Yates County (6.8 percent). (See Figure 3.)

## City Collections

Outside New York City, most of the State's 61 other cities receive a portion of what their respective counties collect. However, 17 of them impose their own general sales tax instead.<sup>3</sup>

Four of these cities experienced a decline in collections in the first half of 2019, with Gloversville's double-digit decrease being the largest. As with counties, most cities had increased collections, although the City of Oneida's 10.5 percent growth was largely due to corrections by Tax & Finance. (See Figure 4.)

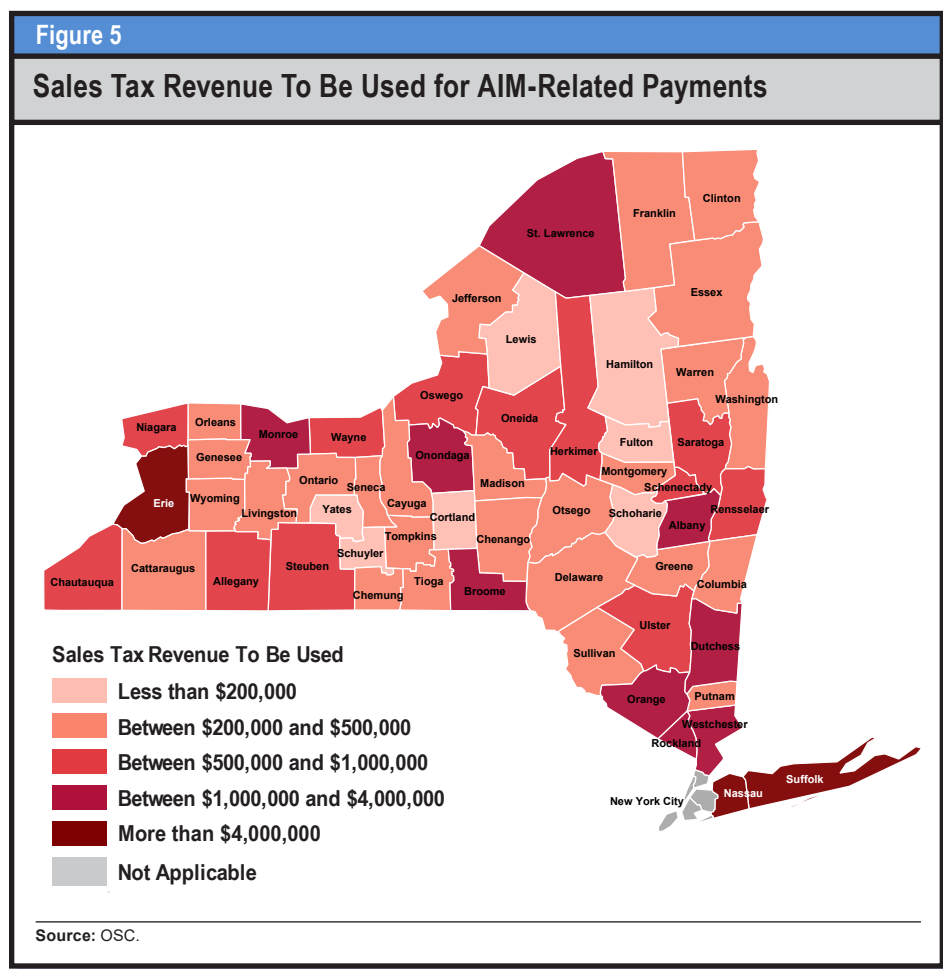
(For a list of county and city sales tax collections, please see Appendix on pages 6 and 7.)



## Looking Ahead: State Law Changes Affecting Local Sales Tax Collections

Starting in the second half of 2019, local sales tax collections will be impacted by State law changes. The Fiscal Year 2019-20 Enacted New York State Budget cut \$59 million in total State funding for the Aid and Incentives for Municipalities (AIM) program by eliminating AIM payments to certain towns and villages. Instead of AIM payments, those towns and villages will now receive an equivalent amount of funding (referred to as “AIM-related payments”) derived from their county’s sales tax revenues, which the Comptroller will annually withhold and distribute to the towns and villages in accordance with new Tax Law Section 1261(c)(5-a).

As shown in Figure 5, the amount of sales tax revenue required to fund these AIM-related payments will vary by county across the State. Generally, the highest amounts will be in counties with larger populations, which typically have towns with larger populations and more villages. Nassau and Suffolk counties, for example, combine for nearly one-third of total AIM-related payments, at \$11.4 million and \$7.5 million, respectively. Erie (\$4.4 million), Westchester (\$3.9 million) and Monroe (\$3.3 million) counties account for significant totals as well.



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The New York State Division of Budget's Financial Plan predicts that the \$59 million fiscal impact to county governments will be more than offset by the additional sales tax revenue generated from increased tax collections on sales made over the internet to New York State residents from the U.S. Supreme Court decision, *South Dakota v. Wayfair*, and the SFY 2019-20 Enacted Budget provision to require Internet marketplace providers to collect and remit the sales tax.<sup>4</sup> Nevertheless, the process of withholding a portion of collections from counties to fund these payments could have additional consequences. Among these, the new process could affect the sales tax sharing agreements and arrangements that 46 of the 57 counties outside New York City have with other local governments within their borders.<sup>5</sup>

For additional information on the AIM program and AIM-related payments, see [www.osc.state.ny.us/localgov/datanstat/stateaid/index.htm](http://www.osc.state.ny.us/localgov/datanstat/stateaid/index.htm).

<b>Appendix: Sales Tax Collections by Region, First Half 2018 and First Half 2019</b>				
<b>Region</b>	<b>City/County</b>	<b>First Half 2018</b>	<b>First Half 2019</b>	<b>Year-Over-Year Percentage Change</b>
<b>Capital District</b>		<b>\$364,937,098</b>	<b>\$375,187,792</b>	<b>2.8%</b>
Albany	County	\$135,741,045	\$138,995,967	2.4%
Columbia	County	\$20,174,577	\$21,250,011	5.3%
Greene	County	\$15,352,930	\$16,111,591	4.9%
Rensselaer	County	\$43,347,651	\$45,845,656	5.8%
Saratoga	County	\$59,694,084	\$60,309,554	1.0%
<i>Saratoga Springs</i>	City	\$5,543,429	\$5,896,080	6.4%
Schenectady	County	\$49,542,076	\$50,565,247	2.1%
Warren	County	\$24,166,453	\$24,196,091	0.1%
<i>Glens Falls</i>	City	\$1,613,775	\$1,671,587	3.6%
Washington	County	\$9,761,077	\$10,346,007	6.0%
<b>Central New York</b>		<b>\$259,215,681</b>	<b>\$260,361,794</b>	<b>0.4%</b>
Cayuga	County	\$17,586,570	\$17,778,316	1.1%
<i>Auburn</i>	City	\$4,562,673	\$4,600,513	0.8%
Cortland	County	\$14,553,534	\$15,008,639	3.1%
Madison	County	\$13,963,956	\$14,424,139	3.3%
<i>Oneida</i>	City	\$2,113,491	\$2,334,551	10.5%
Onondaga	County	\$176,805,121	\$176,688,601	-0.1%
Oswego	County	\$22,575,331	\$22,751,643	0.8%
<i>Oswego</i>	City	\$7,052,887	\$6,774,701	-3.9%
<b>Finger Lakes</b>		<b>\$374,439,522</b>	<b>\$385,696,666</b>	<b>3.0%</b>
Genesee	County	\$19,726,372	\$19,686,969	-0.2%
Livingston	County	\$16,627,029	\$16,498,246	-0.8%
Monroe	County	\$240,598,963	\$249,756,823	3.8%
Ontario	County	\$40,751,767	\$41,494,749	1.8%
Orleans	County	\$8,207,811	\$8,409,045	2.5%
Seneca	County	\$11,818,413	\$12,687,052	7.3%
Wayne	County	\$22,198,317	\$22,451,574	1.1%
Wyoming	County	\$8,827,709	\$8,642,926	-2.1%
Yates	County	\$5,681,314	\$6,067,602	6.8%
<b>Long Island</b>		<b>\$1,287,209,583</b>	<b>\$1,317,633,178</b>	<b>2.4%</b>
Nassau	County	\$587,910,272	\$597,576,141	1.6%
Suffolk	County	\$698,166,864	\$718,884,824	3.0%
<b>Mid-Hudson</b>		<b>\$816,949,185</b>	<b>\$839,833,228</b>	<b>2.8%</b>
Dutchess	County	\$94,168,063	\$99,062,932	5.2%
Orange	County	\$141,016,983	\$141,532,089	0.4%
Putnam	County	\$29,832,752	\$31,646,066	6.1%
Rockland	County	\$105,484,361	\$111,675,884	5.9%
Sullivan	County	\$21,459,795	\$20,273,012	-5.5%
Ulster	County	\$56,836,619	\$59,446,998	4.6%
Westchester	County	\$270,568,509	\$276,213,301	2.1%
<i>Mount Vernon</i>	City	\$10,611,179	\$11,090,202	4.5%
<i>New Rochelle</i>	City	\$14,425,603	\$14,824,953	2.8%
<i>White Plains</i>	City	\$24,579,479	\$25,327,534	3.0%
<i>Yonkers</i>	City	\$47,168,425	\$47,895,389	1.5%

## Appendix: Sales Tax Collections by Region, First Half 2018 and First Half 2019

Region	City/County	First Half 2018	First Half 2019	Year-Over-Year Percentage Change
<b>Mohawk Valley</b>		<b>\$133,285,379</b>	<b>\$134,590,147</b>	<b>1.0%</b>
Fulton	County	\$11,360,226	\$10,457,600	-7.9%
Gloversville	City	\$2,249,616	\$1,898,503	-15.6%
Johnstown	City	\$1,998,244	\$1,979,752	-0.9%
Hamilton	County	\$1,810,355	\$1,565,802	-13.5%
Herkimer	County	\$15,279,961	\$15,601,696	2.1%
Montgomery	County	\$14,897,365	\$15,476,628	3.9%
Oneida	County	\$69,521,553	\$70,961,594	2.1%
Rome	City	\$3,704,037	\$3,847,403	3.9%
Utica	City	\$5,081,486	\$5,464,177	7.5%
Schoharie	County	\$7,382,453	\$7,336,661	-0.6%
<b>North Country</b>		<b>\$123,617,760</b>	<b>\$123,952,992</b>	<b>0.3%</b>
Clinton	County	\$27,075,254	\$27,487,622	1.5%
Essex	County	\$13,720,684	\$13,785,073	0.5%
Franklin	County	\$11,038,144	\$11,563,001	4.8%
Jefferson	County	\$36,930,818	\$36,380,763	-1.5%
Lewis	County	\$6,148,005	\$6,037,458	-1.8%
St. Lawrence	County	\$28,704,852	\$28,699,074	0.0%
<b>Southern Tier</b>		<b>\$210,423,028</b>	<b>\$218,044,002</b>	<b>3.6%</b>
Broome	County	\$63,698,571	\$69,969,460	9.8%
Chemung	County	\$29,953,450	\$30,312,678	1.2%
Chenango	County	\$12,077,468	\$11,705,424	-3.1%
Norwich	City	\$824,174	\$869,267	5.5%
Delaware	County	\$10,533,996	\$9,509,496	-9.7%
Otsego	County	\$17,710,236	\$17,993,743	1.6%
Schuyler	County	\$4,912,822	\$5,041,024	2.6%
Steuben	County	\$27,795,904	\$27,769,471	-0.1%
Tioga	County	\$11,306,181	\$11,821,520	4.6%
Tompkins	County	\$25,887,953	\$27,266,128	5.3%
Ithaca	City	\$5,698,666	\$5,776,392	1.4%
<b>Western New York</b>		<b>\$513,326,885</b>	<b>\$523,260,169</b>	<b>1.9%</b>
Allegany	County	\$10,546,162	\$10,423,348	-1.2%
Olean	City	\$2,150,910	\$2,099,637	-2.4%
Salamanca	City	\$316,303	\$330,310	4.4%
Cattaraugus	County	\$18,844,656	\$19,145,875	1.6%
Chautauqua	County	\$32,046,452	\$32,797,564	2.3%
Erie	County	\$385,086,756	\$393,463,137	2.2%
Niagara	County	\$59,534,089	\$60,138,039	1.0%
<b>New York City</b>		<b>\$3,853,439,673</b>	<b>\$4,019,306,131</b>	<b>4.3%</b>
<b>Other Local</b>		<b>\$562,435,669</b>	<b>\$580,578,358</b>	<b>3.2%</b>
<b>Statewide Total</b>		<b>\$8,499,279,465</b>	<b>\$8,778,444,456</b>	<b>3.3%</b>

**Sources:** New York State Department of Taxation and Finance, with calculations by OSC.

**Notes:** Other Local includes sales taxes collected on behalf of the New York Convention Center Development Corporation, the Mass Transportation Operating Assistance Fund, the Metropolitan Transit Authority Aid Trust Account and local school districts. Regional totals do not include taxes collected for these purposes, but do include cities that have a segmented sales tax.

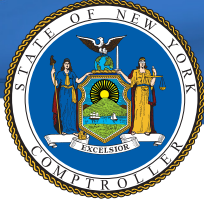
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## Notes

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- <sup>1</sup> Unless otherwise noted, all sales tax collections data in this report is taken from the New York State Department of Taxation and Finance's AS570 reports. The AS570 reports distributions, which are called collections in this report. The rates shown in Figure 1 have been adjusted for a major multiyear technical correction to New York City's collections in 2015. For a more thorough discussion of this adjustment, see the Office of the New York State Comptroller, *2016 Local Sales Tax Collections* (January 31, 2017), [www.osc.state.ny.us/reports/economic/2016-local-sales-tax-collections.pdf](http://www.osc.state.ny.us/reports/economic/2016-local-sales-tax-collections.pdf).
- <sup>2</sup> As used in this report, the term "technical adjustments" refers to any of a number of collection or distribution corrections made by the Department of Taxation and Finance that are not related to current economic activity, such as late filings or errors caught on later audit. See Department of Taxation and Finance, *AS310 – Quarterly Cash and Collection Distributions with Variances for Assessments, Late-Filed Returns, Rate Adjustments and Prior Period Adjustments*, [www.tax.ny.gov/research/stats/statistics/sales\\_tax/government/as310.htm](http://www.tax.ny.gov/research/stats/statistics/sales_tax/government/as310.htm).
- <sup>3</sup> For a discussion of sales tax pre-emption by cities, see Office of the New York State Comptroller (OSC), *Local Government Sales Taxes in New York State: 2015 Update*, March 2015, p. 6, [www.osc.state.ny.us/localgov/pubs/research/salestax2015.pdf](http://www.osc.state.ny.us/localgov/pubs/research/salestax2015.pdf).
- <sup>4</sup> New York State Division of Budget, *FY 2020 Enacted Budget Financial Plan*, p. 91 and 151, [www.budget.ny.gov/pubs/archive/fy20/enac/fy20fp-en.pdf](http://www.budget.ny.gov/pubs/archive/fy20/enac/fy20fp-en.pdf).
- <sup>5</sup> For more information on county sales tax agreements and arrangements, see OSC, *Local Government Sales Taxes in New York State: 2015 Update*, March 2015, p. 11, [www.osc.state.ny.us/localgov/pubs/research/salestax2015.pdf](http://www.osc.state.ny.us/localgov/pubs/research/salestax2015.pdf).





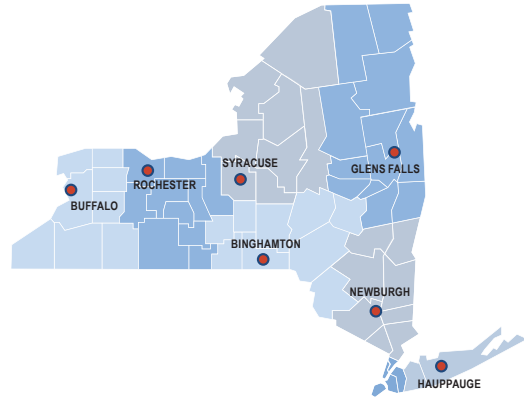
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