

OFFICE OF THE NEW YORK STATE COMPTROLLER

DIVISION OF LOCAL GOVERNMENT AND SCHOOL ACCOUNTABILITY

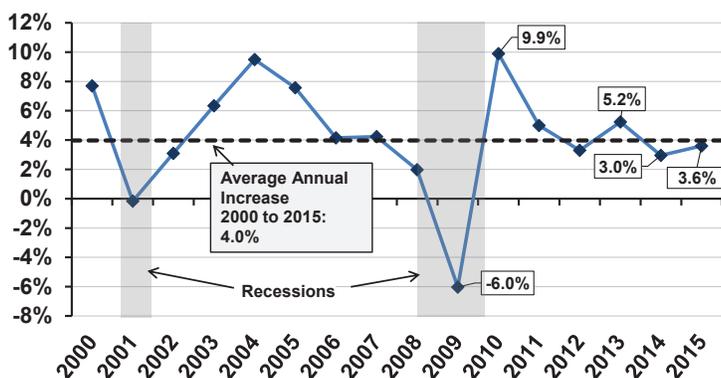
LOCAL SALES TAX COLLECTIONS IMPROVE IN 2015

Strong Growth in New York City, Much Weaker in the Rest of the State

Statewide: A Return to the Average

Total local sales tax collections in New York State grew by \$552 million, or 3.6 percent, from 2014 to 2015.¹ This was stronger than the 3.0 percent increase in the prior year. Since 2010, growth has averaged 4.0 percent annually, consistent with the 15-year average. In recent years the changes in this major source of local revenue have been less volatile than the 2000-2010 period, when large swings in collections occurred.

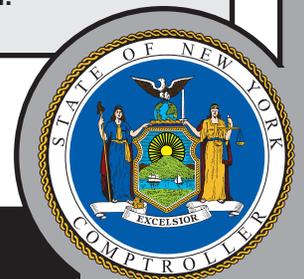
Percentage Change in Total Local Sales Tax Collections



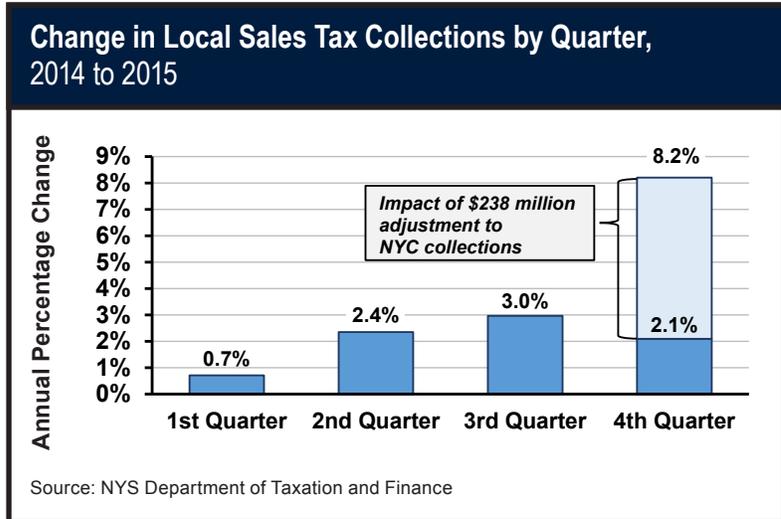
Source: Department of Taxation and Finance; additional calculations by the Office of the State Comptroller. Numbers not adjusted for tax rate or tax law changes. Includes New York City.

Summary

- Total local sales tax collections grew by 3.6 percent, or \$552 million, in 2015 compared to 2014.
- New York City sales tax collections grew by 7.3 percent, or \$487 million.
- About half of the increase in New York City was due to an adjustment for incorrect payments in previous years.
- Excluding New York City, growth in local sales tax collections was 0.7 percent.
- 30 of 57 counties outside of New York City had declines in their 2015 sales tax collections.
- Events like major storms can have strong short-term effects on sales tax collections.
- Long-term growth has continued to outpace inflation.



Growth in sales tax collections strengthened over the course of the year. It was weakest in the first quarter (0.7 percent compared to the first quarter of 2014), but reached 8.2 percent in the fourth quarter. Much of this fourth-quarter spike was due to an adjustment that boosted New York City's sales tax collections, which grew by 17.5 percent in the quarter compared to the same quarter the year before. (See the discussion of this adjustment below.)



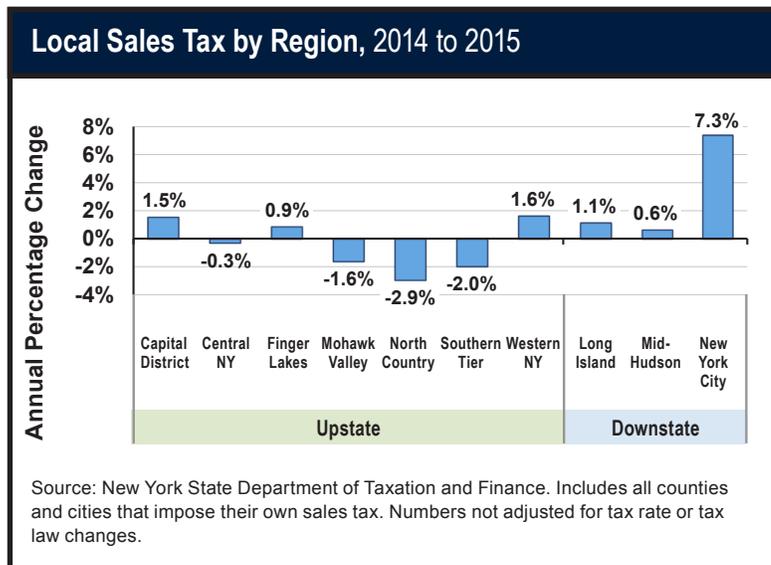
Regional Picture: New York City Growing Faster Than the Rest of the State

Almost all of the 2015 growth in local sales taxes took place in New York City, where collections grew by \$487 million, or 7.3 percent, from 2014 to 2015. Sales tax collections in the City have outpaced collections in the remainder of the State since the last recession, and have been several times stronger for the last two years. A sizable piece of New York City's 2015 increase was due to an adjustment for an incorrect tax filing that resulted in a shift of \$238 million from State sales tax to New York City in the fourth quarter.² This incorrect filing sent collections to the State that should have gone to the City over the course of several years. Without the adjustment, New York City's sales tax increase in 2015 would have been 3.7 percent, about half of what it was, which would still have been stronger than in most of the rest of the State. These kinds of adjustments, though rarely so large, can exaggerate the apparent rate of growth (or decline) for the sales tax, a major revenue source for local governments, and complicate local government budgeting.



The increase in local collections excluding New York City was 0.7 percent, the same as the 2015 inflation rate. Collections outside the City have been growing at slower rates over the last three years.

The regions with the highest growth outside the City were Western New York with 1.6 percent and the Capital District with 1.5 percent. Four regions had declines in sales tax collections in 2015 compared to 2014.



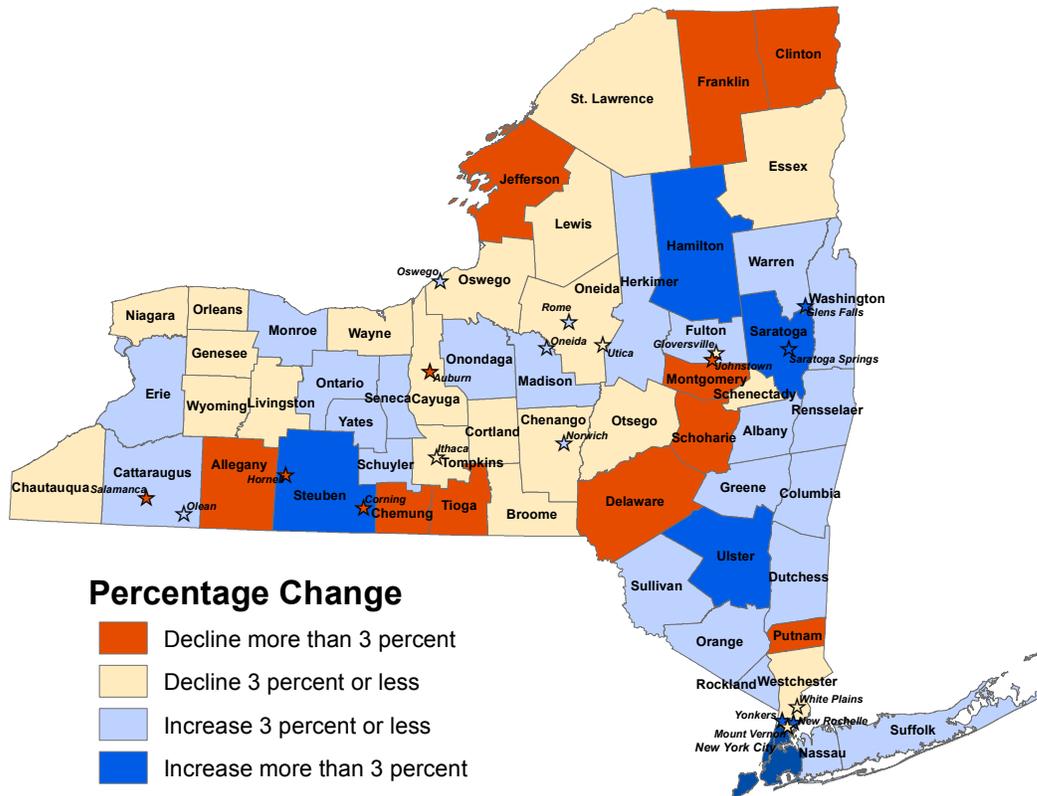
County and City Tax Collections

Of the 57 counties outside New York City, 30 experienced a sales tax collection decline from 2014 to 2015. The largest declines were in Montgomery County (6.7 percent), Delaware County (6.0 percent) and Schoharie County (5.8 percent). Ulster County had a 4.1 percent increase – driven by the return to a 4 percent tax rate on January 1, 2015, after a temporary decrease in the rate to 3 percent for most of 2014. Saratoga County had a 3.1 percent improvement in collections, aided in part by technical adjustments.

In some cases, individual counties showed strong increases even though their region had an overall decline. For instance, even though the Southern Tier as a whole declined by 2 percent, Steuben County had an increase of 9.5 percent, explained in large part by the County receiving the portion of sales tax collections that had gone to the cities of Corning and Hornell in 2014 before the cities repealed their individual sales taxes effective March 1, 2015. (Those cities will now get a distribution of the County’s sales tax collections, rather than their own separate collections.)³ Likewise, despite a 1.6 percent decline in the Mohawk Valley, Hamilton County had a 7.4 percent increase resulting, in part, from technical adjustments.

Of the 19 cities other than New York City having a sales tax, 10 saw a drop in collections from 2014 to 2015.⁴ Johnstown had a decline of 7.3 percent and Auburn had a decline of 5.3 percent. In contrast, Yonkers grew by 5.8 percent and Glens Falls collections increased by 5.5 percent.

Change in County and City Sales Tax Collections from 2014 to 2015



Source: New York State Department of Taxation and Finance; additional calculations by the Office of the State Comptroller. Includes all counties and cities with their own sales tax, but excludes other cities, school districts, the MTA and other entities that receive sales tax.

Long-Term Trends in Sales Tax Collections

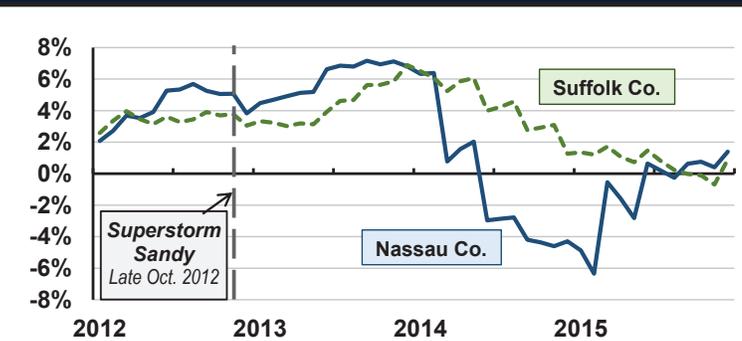
There are a number of factors that can affect the sales tax in the short term and can make it difficult to determine the strength of underlying change. For example, a major storm can have a short-term negative impact on local retail sales, affecting the sales tax. Once rebuilding commences, sales tax collections will often surge as materials for reconstruction are purchased. Sales tax collections were stronger for about one year in Nassau County following Superstorm Sandy in October 2012, but then slowed. In fact, compared to Suffolk County (also on Long Island but less affected by the storm), Nassau County's collections were very weak in the second year after the storm. Some normalization would be expected as sales returned to normal after rebuilding purchases slowed, but the prolonged period of declining sales tax revenues was amplified by other economic factors, such as weak consumer income growth.⁵

In addition, sales tax collections can be affected by policy changes, particularly rate increases. However, these have tended to be incremental and have only a small impact in any one year. From 2010 to 2015, for instance, the annual average growth resulting from rate increases was 0.3 percent.⁶

These localized factors can be overwhelmed by the effects of major economic events, such as recessions, which can cause collections to slow dramatically or even drop. In the 2008-09 recession, for example, local sales tax collections declined by \$1.2 billion in real dollars, or 8.4 percent, from March 2008 to September 2009.⁷

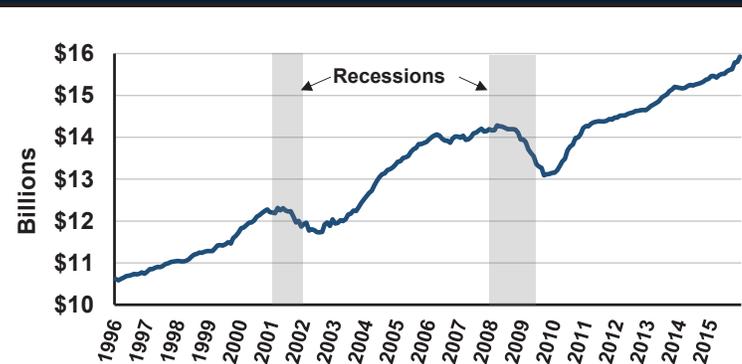
Despite the effect of recessions, sales taxes tend to outpace inflation over the long term: real increases in sales tax collections over the past 20 years (after adjusting for inflation) have averaged 2 percent per year. More recently, the inflation-adjusted increase for 2015 over 2014 was a relatively strong 3.5 percent, and the annual average increase for the last five years was 2.3 percent. However, while adjusting for inflation makes the relatively weak growth in sales tax collections of the last few years look better, growth is still largely concentrated in New York City.

Percentage Change in 12-Month Cumulative Sales Tax Collections, 2012- 2015



Source: Department of Taxation and Finance

Real Local Sales Tax Collections, 12 - Month Cumulative Amounts, 2015 Dollars, 1996 - 2015



Source: NYS Department of Taxation and Finance, U.S. Bureau of Labor Statistics

Appendix

County and City Sales Tax Collections, 2014 and 2015			
County	2014	2015	Year-Over-Year Percentage Change
Albany	251,043,069	255,397,754	1.7%
Allegany	19,938,424	19,240,307	-3.5%
Broome	121,885,268	119,403,115	-2.0%
Cattaraugus	36,324,141	36,596,490	0.7%
Cayuga	34,969,534	34,258,830	-2.0%
Chautauqua	54,739,518	54,721,222	0.0%
Chemung	58,839,279	56,778,592	-3.5%
Chenango	20,964,900	20,793,364	-0.8%
Clinton	53,253,846	51,155,556	-3.9%
Columbia	35,690,081	35,731,051	0.1%
Cortland	28,933,985	28,130,709	-2.8%
Delaware	21,656,372	20,350,464	-6.0%
Dutchess	174,154,357	175,534,822	0.8%
Erie	724,858,170	741,699,281	2.3%
Essex	27,758,244	27,662,963	-0.3%
Franklin	21,794,349	21,094,618	-3.2%
Fulton	19,329,489	19,498,239	0.9%
Genesee	37,994,929	37,947,723	-0.1%
Greene	28,941,513	29,639,490	2.4%
Hamilton	3,466,570	3,724,091	7.4%
Herkimer	30,017,997	30,855,233	2.8%
Jefferson	71,951,035	69,466,065	-3.5%
Lewis	11,824,281	11,607,853	-1.8%
Livingston	31,128,489	30,414,967	-2.3%
Madison	25,653,812	25,809,810	0.6%
Monroe	449,842,017	456,451,097	1.5%
Montgomery	29,173,148	27,211,536	-6.7%
Nassau	1,089,890,346	1,105,068,853	1.4%
Niagara	118,345,190	117,485,897	-0.7%
Oneida	131,930,956	129,854,010	-1.6%
Onondaga	335,533,340	336,336,787	0.2%
Ontario	78,452,837	78,808,511	0.5%
Orange	260,772,530	263,555,675	1.1%
Orleans	15,703,363	15,469,950	-1.5%
Oswego	41,724,500	41,005,562	-1.7%
Otsego	35,796,293	35,377,890	-1.2%
Putnam	55,885,996	53,953,400	-3.5%
Rensselaer	78,940,487	79,314,091	0.5%
Rockland	194,634,392	197,839,378	1.6%
St. Lawrence	56,476,979	54,940,283	-2.7%
Saratoga	110,791,247	114,270,235	3.1%
Schenectady	94,275,742	94,225,420	-0.1%
Schoharie	14,974,531	14,104,674	-5.8%
Schuyler	10,106,417	10,262,786	1.5%
Seneca	22,914,096	23,347,145	1.9%
Steuben	47,009,909	51,482,880	9.5%
Suffolk	1,298,023,398	1,309,741,103	0.9%
Sullivan	35,846,930	36,444,965	1.7%
Tioga	20,244,765	19,549,030	-3.4%
Tompkins	49,648,449	48,706,344	-1.9%
Ulster	103,489,188	107,770,020	4.1%
Warren	49,404,038	50,124,221	1.5%
Washington	19,689,092	19,964,841	1.4%
Wayne	41,230,933	41,117,201	-0.3%
Westchester	503,802,272	499,527,981	-0.8%
Wyoming	16,853,447	16,591,138	-1.6%
Yates	10,925,943	10,933,499	0.1%
County Total	7,369,444,422	7,418,349,011	0.7%

Appendix

County and City Sales Tax Collections, 2014 and 2015			
City	2014	2015	Year-Over-Year Percentage Change
Auburn	8,991,268	8,518,188	-5.3%
Corning*	2,750,338	553,794	-79.9%
Glens Falls	2,717,160	2,867,523	5.5%
Gloversville	3,538,659	3,437,094	-2.9%
Hornell*	2,656,944	507,270	-80.9%
Ithaca	10,800,572	10,644,299	-1.4%
Johnstown	3,922,996	3,637,192	-7.3%
Mt. Vernon	18,571,808	18,477,626	-0.5%
New York City	6,652,693,276	7,140,084,768	7.3%
New Rochelle	26,659,935	27,512,457	3.2%
Norwich	1,533,928	1,539,710	0.4%
Olean	4,297,010	4,311,146	0.3%
Oneida	4,393,903	4,523,402	2.9%
Oswego	13,018,973	13,155,515	1.0%
Rome	6,943,477	6,997,546	0.8%
Salamanca	619,450	595,033	-3.9%
Saratoga Springs	11,182,735	11,617,449	3.9%
Utica	9,732,530	9,626,120	-1.1%
White Plains	51,872,987	50,403,461	-2.8%
Yonkers	71,948,456	76,104,769	5.8%
City Total	6,908,846,404	7,395,114,360	7.0%
Other Local	1,026,889,434	1,043,312,481	1.6%
TOTAL LOCAL	15,305,180,260	15,856,775,852	3.6%

* The cities of Corning and Hornell repealed their sales taxes as of March 1, 2015.
Source: New York State Department of Taxation and Finance

Notes

- ¹ Sales tax collections data is from the New York State Department of Taxation and Finance. This data is reported by taxing jurisdiction, even though some of these collections are then distributed to other local governments.
- ² NYS Division of the Budget, *FY 2017 Executive Budget Financial Plan*, January 2016, <http://publications.budget.ny.gov/eBudget1617/financialPlan/FinPlan.pdf>. The Department of Taxation and Finance regularly makes adjustments in the disbursements to local governments due to late filings, adjustments for prior periods, assessment changes and rate changes.
- ³ For more on how the sales tax is collected and distributed, see Office of the State Comptroller, *Local Government Sales Taxes in New York State: 2015 Update*, April 2015, www.osc.state.ny.us/localgov/pubs/research/salestax2015.pdf.
- ⁴ Corning and Hornell – having repealed their sales taxes – had very sharp declines to zero or near-zero collections for 10 months of 2015.
- ⁵ *Nassau County Comptroller New Release*, “Maragos: Sales Tax Receipts Still Tracking Towards a \$90M Decline,” October 10, 2014, www.nassaucountyny.gov/CivicAlerts.aspx?AID=1156.
- ⁶ Rate increase data is only available for the second quarter of 2010 through 2015.
- ⁷ Inflation is calculated using the CPI-U from the United States Bureau of Labor Statistics.

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