

Local Sales Tax Collections Slow In First Half Of 2016

Decline in Motor Fuels Price a Continuing Drag on Sales Tax Growth

Summary

- Total local sales tax collections grew by 1.7 percent or \$130 million in the first half of 2016, compared to the first half of 2015.
- New York City sales tax collections grew by 2.4 percent, or \$80 million.
- The Mid-Hudson region had the strongest growth at 2.7 percent.
- Central New York collections declined by 1.3 percent.
- Thirty-four of the 57 counties outside of New York City experienced collection growth. For the same period last year, 24 counties had growth.
- Over the last two years, collections related to the sale of motor fuels for most local governments have declined as the price of gasoline fell.

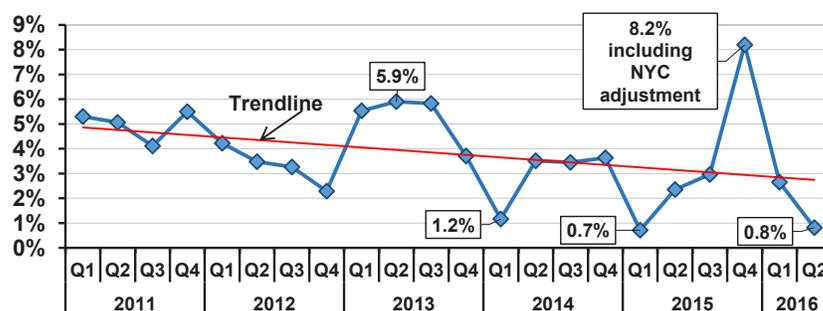
Statewide: Another Weak First Half

Total local sales tax collections in New York State grew by \$130 million or 1.7 percent in the first six months of 2016 compared to the same period in 2015.¹ For the last three years, collection growth in the first half of the year has been slow, with acceleration in the second half. Recent projections of the State's economy suggest this trend could continue for the second half of 2016 as well.² However, should sales tax collections not rebound as forecast, annual growth would be lower than in any year since the recession.

Collection growth in the first quarter of 2016 was 2.6 percent, which slowed to 0.8 percent in the second quarter. This was the reverse of the pattern in the prior two years, where the first quarter was weaker.

Figure 1

Local Sales Tax Collections – Percentage Change Over Prior Year, By Quarter, Q1 2011 to Q2 2016

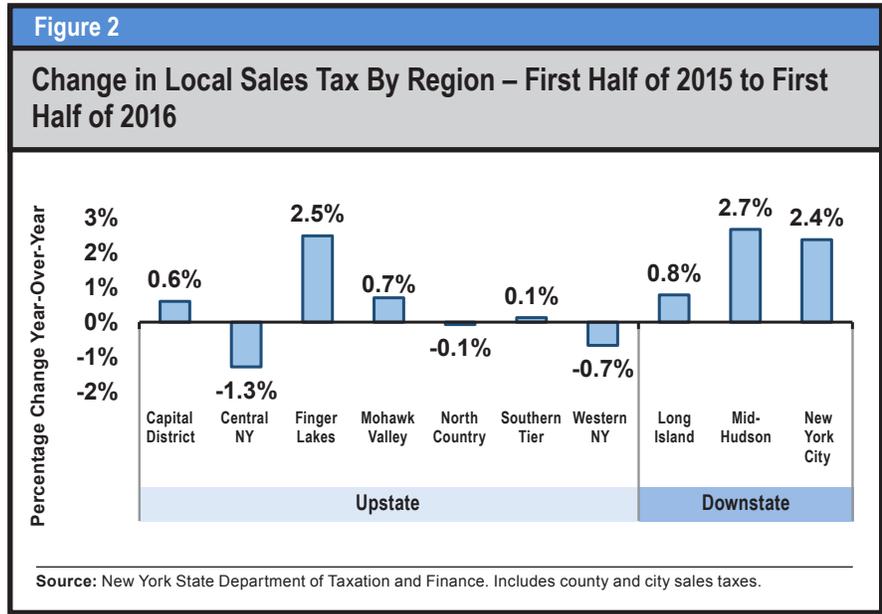


Source: New York State Department of Taxation and Finance. Numbers not adjusted for inflation, tax rate or tax law changes.

Regional Picture: Uneven Growth Across the State

Sales tax collections in New York City for the first half of 2016 grew by 2.4 percent, or about \$80 million, over the same period in 2015. While stronger than overall local growth however, this increase was not as strong as it had been in the previous two years, when the City's sales tax growth was over three times higher than that of the rest of the State.

The strongest growth for the period occurred in the Mid-Hudson region (2.7 percent) and in the Finger Lakes region (2.5 percent). By contrast, collections declined by 1.3 percent in the Central New York region, by 0.7 percent in the Western New York region and by 0.1 percent in the North Country region.



County and City Tax Collections

Collections grew in 34 of the 57 counties outside of New York City in the first half of 2016. This is an improvement from the first half of 2015, when only 24 counties experienced growth since 2014. The strongest growth was in Chautauqua County – 11.6 percent, largely due to an increase in the County's rate from 3.5 to 4 percent as of December 1, 2015. There was also strong growth in Putnam County (11.5 percent, partly attributed to prior period adjustments) and Yates County (7.8 percent). Of the 23 counties with collection declines, the steepest decreases were in Hamilton County (6.8 percent, with some prior period adjustments), Washington County (6.4 percent) and Cattaraugus County (6.0 percent, with prior period adjustments and assessment changes).³

Eleven of the 17 cities (other than New York City) that impose their own sales tax had increases in those collections. The largest rise was in Yonkers, where the 17.3 percent growth was due partly to an increase in the local sales tax rate from 4 to 4.5 percent as of September 1, 2015. Norwich (5.9 percent) and Johnstown (5.7 percent) also had strong growth. The six cities with declines in collections included Gloversville (5.1 percent), Olean (3.8 percent) and Salamanca (3.0 percent).

Detailed collections for each county and city are available in the Appendix.

Motor Fuels Taxes

Similar to other sales taxes in New York, motor fuels taxes include a State and a local component. Until June 2006, the sales tax on gasoline and diesel fuel was collected as a certain percentage of the sale price. In that year the State changed this segment of its sales tax to a flat eight cents per gallon.⁴ This has resulted in the State's motor fuels sales tax collections being stable from year to year.

Local taxing jurisdictions were given the option of moving to the cents per gallon method, but currently only Seneca County is using this method.

As a result, local governments that still use the percentage of sale price method have considerably more volatility in their motor fuels sales tax collections. As motor fuels prices have varied, so have the sales tax collections. For example, between 2014 and 2016, the price of gasoline declined. This decline likely contributed to local governments collecting \$156 million less in motor fuels sales taxes in the first half of 2016 compared to the first half of 2014.⁵ This loss amounts to 2.2 percent of total local sales tax collections.

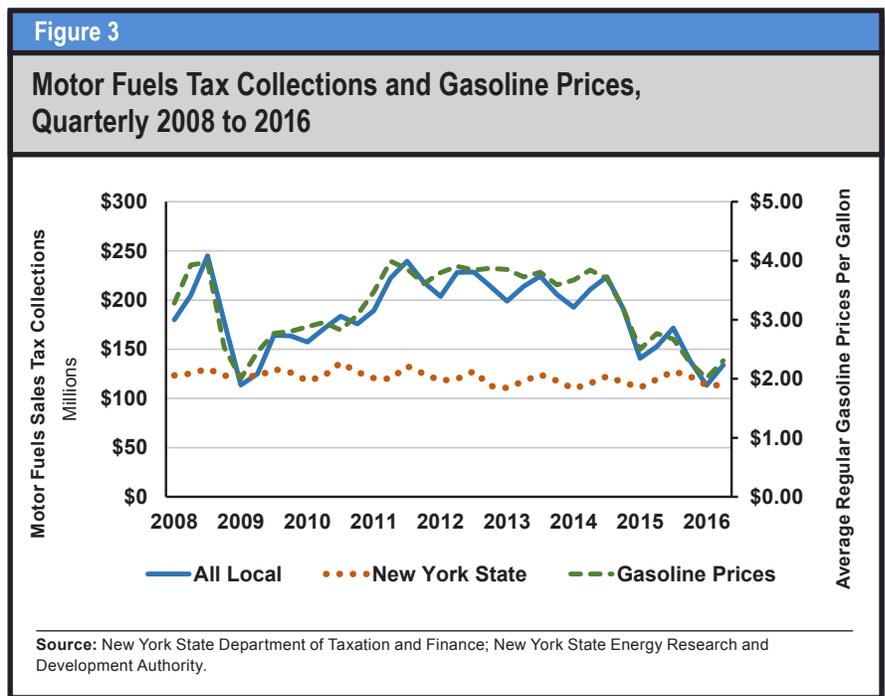
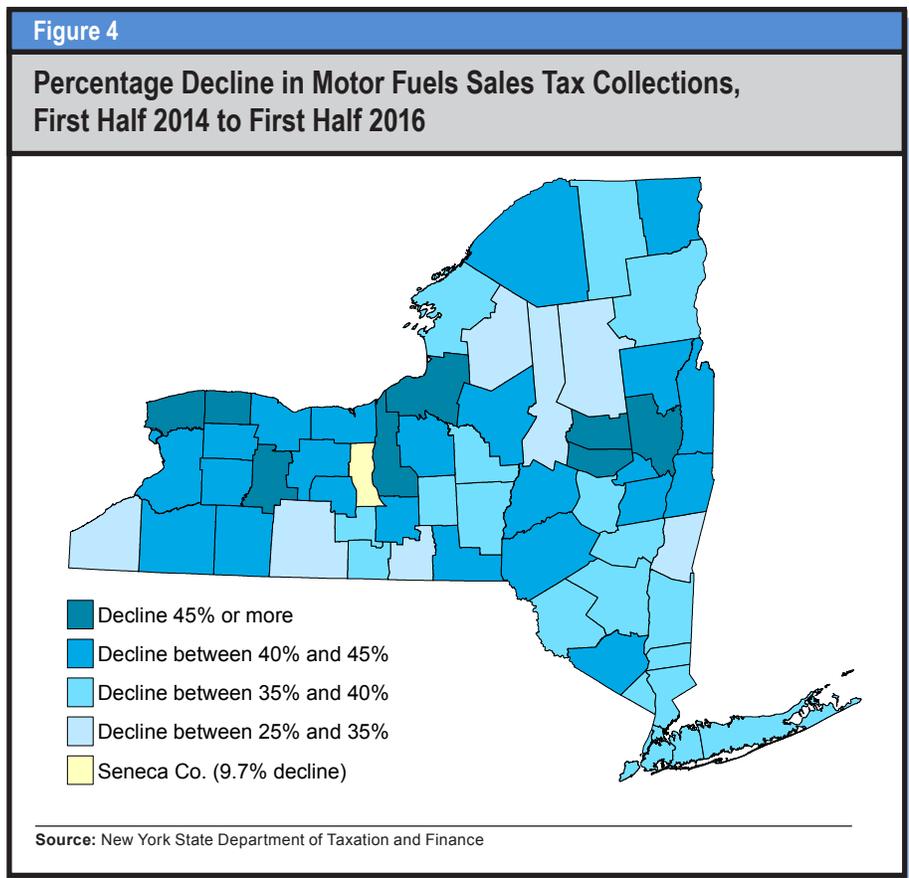


Figure 4 shows the overall magnitude of the decline in motor fuels sales tax collections from the first half of 2014 to the first half of 2016 for all counties and the City of New York. Generally, the impact upstate was greater than downstate. In 24 counties, the decline in motor fuels tax collections from the first half of 2014 to first half of 2016, isolated from other factors, caused the overall decline in sales tax collections. Seneca County, with the cents per gallon method, had a decline of 9.7 percent, much less than any other county.



New Source of Sales Tax Collections and Distributions Data

The New York State Department of Taxation and Finance recently made available to the public data on the distribution of sales tax collections to the taxing jurisdictions. This includes monthly activity by liability period for regular collections, motor fuel collections and residential energy collections beginning in April 2016, as well as cash distributions beginning in 1990. This data source allows taxpayers to see what their local governments are receiving in tax revenue on a timely basis. It is available at: www.tax.ny.gov/research/stats/statistics/sales_tax/government/transparency_reports_list.htm.

Appendix: County and City Sales Tax Collections, First Half 2015 and 2016

| County | First Half 2015 | First Half 2016 | Year-Over-Year Percentage Change | City | First Half 2015 | First Half 2016 | Year-Over-Year Percentage Change |
|---------------------|------------------------|------------------------|----------------------------------|--------------------|------------------------|------------------------|----------------------------------|
| Albany | \$126,054,629 | \$127,134,087 | 0.9% | Auburn | \$4,208,311 | \$4,141,289 | -1.6% |
| Allegany | \$9,506,907 | \$9,055,211 | -4.8% | Glens Falls | \$1,405,051 | \$1,448,490 | 3.1% |
| Broome | \$57,258,989 | \$59,011,867 | 3.1% | Gloversville | \$1,703,841 | \$1,617,166 | -5.1% |
| Cattaraugus | \$18,222,814 | \$17,126,133 | -6.0% | Ithaca | \$5,071,623 | \$5,130,030 | 1.2% |
| Cayuga | \$16,449,133 | \$16,217,183 | -1.4% | Johnstown | \$1,731,599 | \$1,830,769 | 5.7% |
| Chautauqua | \$26,020,791 | \$29,046,613 | 11.6% | Mount Vernon | \$9,292,378 | \$9,237,841 | -0.6% |
| Chemung | \$28,352,496 | \$27,450,654 | -3.2% | New York City | \$3,401,601,045 | \$3,481,889,540 | 2.4% |
| Chenango | \$10,079,783 | \$10,281,218 | 2.0% | New Rochelle | \$13,294,088 | \$13,595,427 | 2.3% |
| Clinton | \$24,913,765 | \$24,290,328 | -2.5% | Norwich | \$745,017 | \$788,856 | 5.9% |
| Columbia | \$16,740,723 | \$17,645,756 | 5.4% | Olean | \$2,100,268 | \$2,019,659 | -3.8% |
| Cortland | \$14,003,131 | \$13,612,028 | -2.8% | Oneida | \$2,242,684 | \$2,316,362 | 3.3% |
| Delaware | \$9,732,898 | \$9,793,665 | 0.6% | Oswego | \$6,479,963 | \$6,573,361 | 1.4% |
| Dutchess | \$84,054,647 | \$85,819,368 | 2.1% | Rome | \$3,397,957 | \$3,410,345 | 0.4% |
| Erie | \$362,462,967 | \$358,700,968 | -1.0% | Salamanca | \$298,802 | \$289,896 | -3.0% |
| Essex | \$12,258,999 | \$12,221,726 | -0.3% | Saratoga Springs | \$5,307,753 | \$5,373,422 | 1.2% |
| Franklin | \$10,061,319 | \$9,838,108 | -2.2% | Utica | \$4,754,488 | \$4,853,462 | 2.1% |
| Fulton | \$9,334,450 | \$9,674,474 | 3.6% | White Plains | \$25,305,001 | \$24,693,082 | -2.4% |
| Genesee | \$17,887,746 | \$17,522,082 | -2.0% | Yonkers | \$36,624,299 | \$42,952,655 | 17.3% |
| Greene | \$13,969,542 | \$14,216,714 | 1.8% | City Total | \$3,525,564,171 | \$3,612,161,653 | 2.5% |
| Hamilton | \$1,456,002 | \$1,356,898 | -6.8% | Other Local | \$511,024,933 | \$525,149,436 | 2.8% |
| Herkimer | \$14,573,422 | \$13,971,643 | -4.1% | Total Local | \$7,629,895,436 | \$7,759,447,089 | 1.7% |
| Jefferson | \$32,988,935 | \$34,640,340 | 5.0% | | | | |
| Lewis | \$5,447,621 | \$5,502,394 | 1.0% | | | | |
| Livingston | \$14,511,796 | \$14,241,882 | -1.9% | | | | |
| Madison | \$12,290,809 | \$12,666,196 | 3.1% | | | | |
| Monroe | \$220,147,974 | \$228,575,986 | 3.8% | | | | |
| Montgomery | \$13,182,682 | \$13,420,878 | 1.8% | | | | |
| Nassau | \$540,670,168 | \$547,503,256 | 1.3% | | | | |
| Niagara | \$56,668,475 | \$55,981,009 | -1.2% | | | | |
| Oneida | \$63,210,443 | \$63,940,452 | 1.2% | | | | |
| Onondaga | \$164,916,638 | \$161,702,678 | -1.9% | | | | |
| Ontario | \$37,622,351 | \$37,968,546 | 0.9% | | | | |
| Orange | \$126,423,572 | \$126,444,734 | 0.0% | | | | |
| Orleans | \$7,627,595 | \$7,449,889 | -2.3% | | | | |
| Oswego | \$19,419,348 | \$19,705,698 | 1.5% | | | | |
| Otsego | \$16,252,868 | \$16,485,862 | 1.4% | | | | |
| Putnam | \$25,968,159 | \$28,963,747 | 11.5% | | | | |
| Rensselaer | \$38,907,535 | \$38,637,223 | -0.7% | | | | |
| Rockland | \$97,703,058 | \$101,390,184 | 3.8% | | | | |
| St. Lawrence | \$27,010,154 | \$26,110,745 | -3.3% | | | | |
| Saratoga | \$54,705,485 | \$55,672,569 | 1.8% | | | | |
| Schenectady | \$47,503,347 | \$46,598,775 | -1.9% | | | | |
| Schoharie | \$6,681,302 | \$6,783,674 | 1.5% | | | | |
| Schuyler | \$4,433,134 | \$4,513,189 | 1.8% | | | | |
| Seneca | \$10,810,678 | \$10,611,655 | -1.8% | | | | |
| Steuben | \$24,333,137 | \$24,660,878 | 1.3% | | | | |
| Suffolk | \$629,988,439 | \$632,426,423 | 0.4% | | | | |
| Sullivan | \$16,611,689 | \$17,219,730 | 3.7% | | | | |
| Tioga | \$9,721,790 | \$9,525,365 | -2.0% | | | | |
| Tompkins | \$23,214,110 | \$22,817,286 | -1.7% | | | | |
| Ulster | \$51,252,925 | \$52,653,641 | 2.7% | | | | |
| Warren | \$22,155,354 | \$22,654,837 | 2.3% | | | | |
| Washington | \$9,977,583 | \$9,340,780 | -6.4% | | | | |
| Wayne | \$19,717,217 | \$19,902,972 | 0.9% | | | | |
| Westchester | \$245,255,071 | \$248,378,272 | 1.3% | | | | |
| Wyoming | \$7,696,632 | \$7,792,231 | 1.2% | | | | |
| Yates | \$4,883,106 | \$5,265,302 | 7.8% | | | | |
| County Total | \$3,593,306,331 | \$3,622,136,000 | 0.8% | | | | |

Source: 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, though some of these collections are then distributed to other local governments.
- ² New York State Division of the Budget, FY 2017 Enacted Budget Financial Plan, May 2016.
www.budget.ny.gov/budgetFP/FY2017FP.pdf.
- ³ The Department of Taxation and Finance makes various kinds of adjustments to the sales tax collections that are distributed to all jurisdictions based on the returns that are received from vendors. These include “prior period adjustments” that reflect changes to earlier distributions that have been modified by subsequent returns and “assessments” that reflect charges and refunds applied to particular vendors.
- ⁴ Within the Metropolitan Commuter Transportation District (New York City and seven downstate counties) the rate is 8.70 cents a gallon.
- ⁵ New York State Energy Research and Development Authority, *Motor Gasoline Prices*.
www.nyserda.ny.gov/Cleantech-and-Innovation/Energy-Prices/Motor-Gasoline.

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