

**Division of Local Government and School Accountability** 

# Local Government Sales Taxes: 2010 Update



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#### Division of

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#### Summary

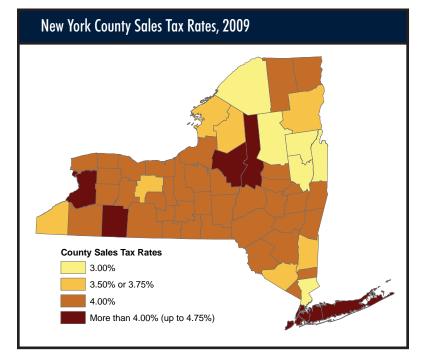
- Sales tax collections slowed significantly in 2008 and actually declined in 2009. Local sales tax revenues grew at an average annual rate of 5.3 percent from 1998 through 2008. As the national recession took hold in 2008, county sales tax collections grew only 1.0 percent, and as it worsened, collections actually declined by 5.9 percent in 2009.
- Most counties share a portion of their sales tax collections with other local governments within their borders. Many sales tax sharing agreements are based on population. In the past, Census updates have negatively affected cities (relative to other municipalities within the counties) as they have lost population. Annual average sales tax revenue growth for cities (except New York City) was only 3.7 percent from 1998 to 2008, while town sales tax revenue growth was 5.2 percent. We anticipate that most cities could again lose sales tax revenue after the 2010 census, since they continue to lose population in relation to nearby towns.
- Several counties have modified their sales tax sharing agreements over the last few years in ways that were more generous to municipalities. However, this trend could reverse itself as more counties revisit their sharing agreements in response to budget gaps resulting from declining sales tax revenues.
- New York's State and local sales tax burden is high relative to most other states, ranking fourth in the nation with an aggregate average State and local rate of 8.45 percent. This is in part because of the high local sales tax, which accounts for as much as 4.875 percentage points of the total. Unlike in most other states, counties in New York have to pay a significant portion of Medicaid costs, increasing their need for local tax revenues.
- Slower sales tax revenue growth puts pressure on local governments to rely more heavily on other kinds of revenue, especially the property tax. Counties and cities may also seek to increase their sales tax rates to make up for lost revenue.
- Internet sales now account for 3.6 percent of all retail sales. New York State has taken steps to increase sales tax collections by Internet retailers.

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#### **Local Sales Tax Rates**

All of New York State's counties and 20 of its cities (including New York City) impose a local sales tax in addition to the four percent State sales tax. State statute allows a local sales tax of up to three percent to be imposed upon adoption by a city or county of a local law, ordinance or resolution.<sup>1</sup> All but six counties have obtained the State's approval to levy an additional tax ranging from 0.5 percent to 1.75 percent. These additional tax authorizations are "temporary" increases which require legislative reauthorization periodically (usually every two years). However, virtually all of the counties with sales tax rates over three percent have regularly sought – and received – State legislative approval to impose higher rates. Several of these additional tax rate authorizations have been continued for over two decades. The latest round of renewals took effect in November 2009.

In fact, the most common local sales tax rate is 4 percent, with 38 of 57 counties (excluding the boroughs of New York City) currently levying this amount. An additional six counties have rates higher than 4 percent. Only 13 have rates below 4 percent. In addition, a State-imposed Metropolitan Commuter Transportation District surcharge of 0.375 percent is applied in New York City and Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester counties.<sup>2</sup>



#### **County Sales Tax Rates**

County	Local Rate	Enactment Date of Temporary Tax (Enactment of Current Rate)					
Erie	4.75%	1984 (2006)					
Oneida	4.75%	1992 (2007)					
Allegany	4.50%	1986 (2004)					
Herkimer	4.25%	1994 (2007)					
Nassau*	4.25%	1983 (1991)					
Suffolk*	4.25% 4.00%	1984 (2001)					
Albany Broome	4.00%	1992 1994					
Cattaraugus	4.00%	1985					
Cayuga	4.00%	1992					
Chemung	4.00%	2002					
Chenango	4.00%	2002					
Clinton	4.00%	2004 (2007)					
Columbia	4.00%	1995					
Cortland	4.00%	1992					
Delaware	4.00%	2003					
Franklin	4.00%	2006					
Fulton	4.00%	2005					
Genesee	4.00%	1994					
Greene	4.00%	1993					
Livingston	4.00%	2003					
Madison	4.00%	2004					
Monroe	4.00%	1992 (1993)					
Montgomery	4.00%	2003					
Niagara	4.00%	2003					
Onondaga	4.00%	2004					
Orleans	4.00%	1993					
Oswego Otsego	4.00%	2004 2003					
Putnam*	4.00%	2005 (2007)					
Rensselaer	4.00%	1994					
Rockland*	4.00%	2002 (2007)					
Schenectady	4.00%	1998 (2003)					
Schoharie	4.00%	2004					
Schuyler	4.00%	1999					
Seneca	4.00%	2002					
Steuben	4.00%	1992					
Sullivan	4.00%	2003 (2007)					
Tioga	4.00%	1994 (2003)					
Tompkins	4.00%	1992					
Ulster	4.00%	1993 (2002)					
Wayne	4.00%	2003					
Wyoming	4.00%	1992					
Yates	4.00%	2003					
Chautauqua	3.75%	2005 (2007)					
Dutchess*	3.75%	2003					
Essex	3.75%	2004					
Jefferson	3.75% 3.75%	2004					
Lewis Orange*	3.75%	2004 2004					
Ontario	3.75%	2004 2006 (2009)					
Hamilton	3.00%	NA					
St. Lawrence	3.00%	NA					
Saratoga	3.00%	NA					
Warren	3.00%	NA					
Washington	3.00%	NA					
Westchester*	3.00%	NA					
*Local tax rate does		0.375% for the Metropolitan					
Commuter Transpor NA - Not Applicable	tation Distric	et.					
	tate Departr	nent of Taxation and Finance					
	as of November 2009						

The 20 cities that levy their own sales tax have rates between 1.5 percent and 4.5 percent. The city rate usually "pre-empts" a portion of the county sales tax rate. Generally, when both a city and the county in which it is located levy a sales tax, the city may pre-empt up to one-half of the county's permanent 3 percent sales tax rate, or 1.5 percent. However, there are exceptions and temporary authorizations for some cities to levy higher rates, which explain the variations among city sales tax rates. In addition, portions of some cities' sales tax rates can be pre-empted by counties, so the actual effective tax rate in these cities is not the result of adding the city and county rates. New York City is a special case, since it is not located within any county (the five boroughs which make-up New York City are counties for some purposes, but do not have the authority to levy separate sales taxes). New York City has statutory authority to impose its own sales tax, currently 4.5 percent.

Since local sales tax rates can vary depending on the county or city in which a sale takes place, consumers can travel to other localities, go out-of-state, or make purchases via the Internet to take advantage of lower sales tax rates. (See "The Use Tax.")

City Sales Taxes							
City	Rate	City	Rate				
New York City*	4.50%	Auburn	2.00%				
Oswego	4.00%	Oneida	2.00%				
Yonkers*	4.00%	Corning	1.50%				
Gloversville	3.00%	Glens Falls	1.50%				
Johnstown	3.00%	Hornell	1.50%				
New Rochelle*	3.00%	Ithaca	1.50%				
Norwich	3.00%	Olean	1.50%				
Saratoga Springs	3.00%	Rome	1.50%				
Mount Vernon*	2.50%	Salamanca	1.50%				
White Plains*	2.25%	Utica	1.50%				
* Local tax rate does not include 0.375% for the Metropolitan							

Commuter Transportation District.

Source: New York State Department of Taxation and Finance as of November 2009

#### The Use Tax<sup>3</sup>

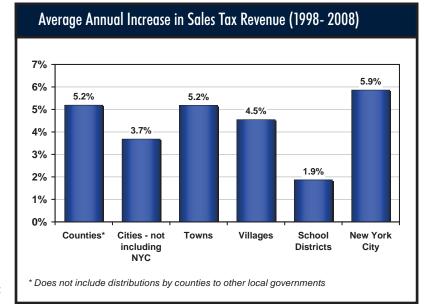
There is a "compensating use tax" obligation covering all purchases made by New York State residents for which the seller did not collect sales tax (as is the case in many mail-order or Internet sales), or when the sales tax collected was less than imposed in the buyer's home jurisdiction (for instance if the buyer travels to a neighboring county or state with a lower sales tax rate to make the purchase). The amount of this use tax is the same as the amount that the sales tax would have been if it had been collected, or the difference between a lower rate paid and a higher rate applicable in the jurisdiction of the resident making the purchase. The use tax is difficult to collect, since taxpayers must report this tax obligation themselves, and are frequently not even aware that the obligation exists. Beginning with the 2003 tax year, the New York State personal income tax return included a line on which taxpayers must enter the amount of use tax owed for the previous year.

#### **Revenue Trends**

Local sales tax revenue increased from \$7.9 billion in 1998 to \$13.2 billion in 2008, an average annual increase of 5.3 percent.<sup>4</sup> County sales tax revenue increased by an annual average of 5.2 percent from 1997 to 2007.<sup>5</sup>

As New York's economy began to feel the effects of the recession in 2008, the rate of sales tax growth slowed significantly. County sales tax collections, not including New York City, grew by only 1.0 percent from 2007 to 2008. In 2009, sales tax collections declined significantly: county sales tax revenues decreased by 5.9 percent in 2009 compared to the year before.<sup>6</sup>

In the past, many counties have raised sales tax rates to help bolster revenue in slow economic times. This can be seen in the rounds of rate increases in the mid-1990s and mid-2000s following recessions. A rate increase will inject a one-time boost of revenue, which may help a county's budget over the short term. However, after this initial boost, revenue growth often settles back to its underlying level, and may even decline if shoppers are attracted to nearby jurisdictions with lower tax rates.



#### County Sales Tax Collections, Increase Year-Over-Year, 1991 to 2009 15% Percentage Increase Year-Over-Year 10% Average Annual Increase 90-08 - 5.1% 5% 0% -5% -10% ,99<sup>A</sup> ,09<sup>5</sup> 1991 ി Source: Department of Taxation and Finance, Office of Tax Policy Analysis, Sales Tax Cash Distribution Database; Additional calculations by Office of the State Comptroller. Numbers not adjusted for tax rate or tax law changes.

nactment Date	Counties
1990	Delaware,* Rockland*
1991	Chenango,* Nassau, Orange,* Otsego,* Rockland,* Schoharie,* Suffolk,* <sup>®</sup> Westchester*
1992	Albany, Cayuga, Cortland, Monroe,* Oneida*, Steuben, Suffolk,* Tompkins, Wyoming
1993	Greene, Monroe,* Orleans, Ulster*
1994	Broome, Genesee, Herkimer,* Rensselaer, Tioga*
1995	Columbia
1996	Oswego*
1997	none
1998	Schenectady*
1999	Schuyler
2000	none
2001	Delaware,* Suffolk*
2002	Chemung, Chenango, Rockland,* Seneca, Ulster*
2003	Delaware,* Dutchess, Livingston, Montgomery, Niagara, Otesgo,* Schenectady,* Sullivan,* Tioga,* Wayne, Yates
2004	Allegany, Clinton,* Essex, Jefferson, Lewis, Madison, Onondaga, Orange,* Oswego,* Schoharie,* Westchester*
2005	Chautaugua,# Erie,* Fulton, Oneida,*1 Putnam*
2006	Erie,* Franklin, Ontario*
2007	Clinton,* Herkimer,* Putnam,* Rockland,* Sullivan*
2008	none
2009	Ontario*

# Chautauqua County increased its rate to 4.25% in 2005, then reduced it to 4% in 2006, and to 3.75% in 2007.

¶ Oneida County increased its rate to 5.5% in 2005, then reduced it to 5% in 2006, and to 4.75% in 2007.

#### **Recent Sales Tax Rate Increase Proposals**

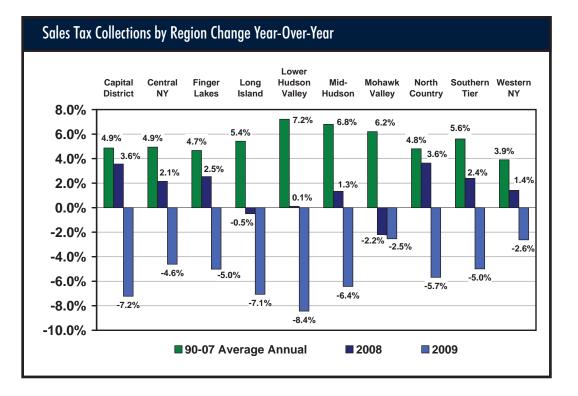
Some counties have considered sales tax rate increases in response to loss of revenues from the recent recession. County legislative committees in both Montgomery County and St. Lawrence County considered increases in their sales tax rates in 2009 and 2010. While neither of the county legislatures have yet approved increases (and would require State approval if they did so), it is possible that more counties will explore this option as one way to balance their budgets.

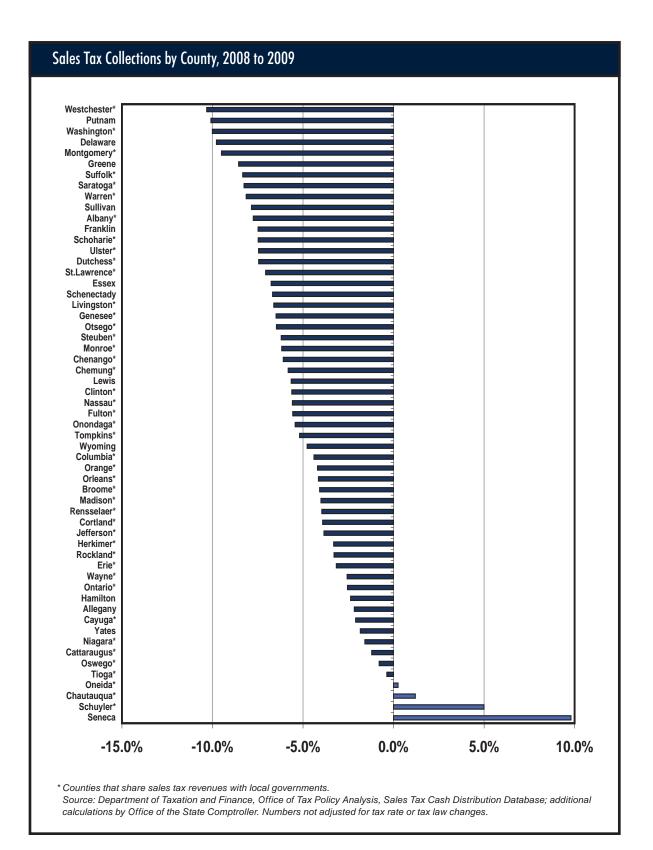
#### **Regional Sales Tax Collections**

There is significant variation in sales tax revenue growth from region to region in the State. While every region experienced growth in average annual county sales tax collections from 1990 to 2007, the strongest growth was 7.2 percent in the Lower Hudson Valley, while the weakest was 3.9 percent in Western New York.<sup>7</sup> And in 2008, although sales tax collections growth slowed in every region, the Capital District and North Country regions still had growth of 3.6 percent, while the Mohawk Valley had a 2.2 percent decline. Sales tax collections declined in every region of the State in 2009, with the worst decline – 8.4 percent – in the Lower Hudson Valley, and the smallest decline – 2.5 percent – in the Mohawk Valley.

Fifty-three of the 57 counties in New York State, not including New York City, experienced declining collections in 2009 compared to the same period the year before.<sup>8</sup> The largest dollar declines were in Suffolk County (\$97 million), Nassau County (\$56 million), Westchester County (\$48 million), and Monroe County (\$25 million).

Other local governments are hurt by decreasing collections as well: 45 of 57 counties distribute a portion of their sales tax to local jurisdictions within their borders.<sup>9</sup> Twenty cities, including New York City, impose a sales tax of their own.





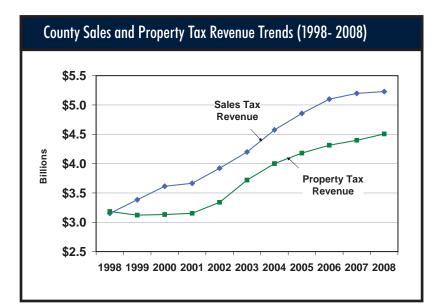
Regions and Counties         2008         2009         Percentage Change         1990-2008 Average Annual Change           Capital District <th>County Sales Ta</th> <th>x Collections</th> <th></th> <th></th> <th></th>	County Sales Ta	x Collections			
Albany         \$237,262,660         \$218,870,092         -7.8%         4.6%           Columbia         \$30,953,420         \$29,593,004         -4.4%         5.5%           Greene         \$27,364,265         \$25,021,770         -8.6%         5.5%           Rensselaer         \$66,070,406         \$65,372,604         -4.0%         5.4%           Saratoga         \$96,873,577         \$88,872,273         -8.3%         4.9%           Schenectady         \$\$59,29,192         \$80,187,304         -6.7%         4.8%           Warren         \$45,781,618         \$42,055,321         -8.1%         4.2%           Washington         \$17,755,883         \$15,987,128         -10.0%         4.3%           Contral NY          Cayuga         \$30,483,782         \$29,844,396         -2.1%         3.8%           Cortland         \$23,804,586         \$22,871,601         -3.9%         4.3%         Oscalanda           Madison         \$21,858,522         \$20,981,539         -4.0%         4.6%         Onondaga         \$293,756,929         \$277,789,235         -5.4%         4.3%         Oswego         \$35,481,203         \$336,685,191         -4.6%         4.8%         Osmego         \$35,43,310,359         \$32,084,509		2008	2009		Average Annual
Columbia         \$30,953,420         \$29,593,004         -4.4%         5.5%           Greene         \$27,364,265         \$25,021,770         -8.6%         5.5%           Rensselaer         \$68,070,406         \$65,372,604         -4.0%         5.4%           Saratoga         \$96,873,577         \$88,872,273         -8.3%         4.9%           Schenectady         \$85,929,192         \$80,187,304         -6.7%         4.8%           Waren         \$45,781,618         \$42,055,321         -8.1%         4.2%           Washington         \$17,765,883         \$15,987,128         -10.0%         4.3%           Region Total         \$610,001,020         \$565,959,494         -7.2%         4.8%           Central NY         U         U         U         U           Cayuga         \$30,483,782         \$29,844,396         -2.1%         3.8%           Cortland         \$23,804,586         \$22,871,601         -3.9%         4.3%           Madison         \$21,858,522         \$20,981,539         -4.0%         4.6%           Onundaga         \$293,756,929         \$27,7789,235         -5.4%         4.3%           Genesee         \$34,310,359         \$32,499,806         -6.6%         5.3%	Capital District				
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Schenectady         \$85,929,192         \$80,187,304         -6.7%         4.8%           Warren         \$45,781,618         \$42,055,321         -8.1%         4.2%           Washington         \$17,765,883         \$15,987,128         -10.0%         4.3%           Region Total         \$610,001,020         \$565,959,494         -7.2%         4.8%           Central NY          -         3.8%         Cortland         \$23,804,586         \$22,871,601         -3.9%         4.3%           Madison         \$21,858,522         \$20,981,539         -4.0%         4.6%         Onondaga         \$293,766,929         \$277,789,235         -5.4%         4.3%           Oswego         \$35,481,203         \$35,198,421         -0.8%         *         Region Total         \$405,385,023         \$386,685,191         -4.6%         4.8%           Finger Lakes          Genesee         \$34,310,359         \$32,084,509         -6.5%         6.9%           Livingston         \$25,913,951         \$24,199,806         -6.6%         5.3%           Monroe         \$411,069,381         \$385,662,857         -6.2%         4.0%           Orleans         \$13,974,882         \$13,395,248         -4.1%         4.9%	Rensselaer	\$68,070,406	\$65,372,604	-4.0%	5.4%
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Region Total         \$610,001,020         \$565,959,494         -7.2%         4.8%           Central NY           3.8%          Cayuga         \$30,483,782         \$29,844,396         -2.1%         3.8%           Cortland         \$22,804,586         \$22,871,601         -3.9%         4.3%           Madison         \$21,858,522         \$20,981,539         -4.0%         4.6%           Onondaga         \$293,756,929         \$277,789,235         -5.4%         4.3%           Oswego         \$35,481,203         \$35,198,421         -0.8%         *           Region Total         \$405,385,023         \$386,685,191         -4.6%         4.8%           Finger Lakes           4.3%             Genesee         \$34,310,359         \$32,084,509         -6.5%         6.9%            Livingston         \$25,913,951         \$24,199,806         -6.6%         5.3%            Monroe         \$411,069,381         \$385,662,857         -6.2%         4.0%            Orleans         \$13,974,882         \$13,395,248         -4.1%         4.9%            Seneca         \$18,731,194         \$20,567,116	Warren	\$45,781,618	\$42,055,321	-8.1%	4.2%
Central NY           Cayuga         \$30,483,782         \$29,844,396         -2.1%         3.8%           Cortland         \$23,804,586         \$22,871,601         -3.9%         4.3%           Madison         \$21,858,522         \$20,981,539         -4.0%         4.6%           Onondaga         \$293,756,929         \$277,789,235         -5.4%         4.3%           Oswego         \$35,481,203         \$35,198,421         -0.8%         *           Region Total         \$405,385,023         \$386,685,191         -4.6%         4.8%           Finger Lakes           4.3%            Genesee         \$34,310,359         \$32,084,509         -6.5%         6.9%           Livingston         \$25,913,951         \$24,199,806         -6.6%         5.3%           Monroe         \$411,069,381         \$385,662,857         -6.2%         4.0%           Orleans         \$13,974,882         \$13,395,248         -4.1%         4.9%           Seneca         \$18,731,194         \$20,567,116         9.8%         6.9%           Wayne         \$35,722,448         \$34,805,698         -2.6%         4.6%           Wyoming         \$14,926,243         \$14,214,096 <t< td=""><td>Washington</td><td>\$17,765,883</td><td>\$15,987,128</td><td>-10.0%</td><td>4.3%</td></t<>	Washington	\$17,765,883	\$15,987,128	-10.0%	4.3%
Cayuga         \$30,483,782         \$29,844,396         -2.1%         3.8%           Cortland         \$23,804,586         \$22,871,601         -3.9%         4.3%           Madison         \$21,858,522         \$20,981,539         -4.0%         4.6%           Onondaga         \$293,756,929         \$277,789,235         -5.4%         4.3%           Oswego         \$35,481,203         \$35,198,421         -0.8%         *           Region Total         \$405,385,023         \$386,685,191         -4.6%         4.8%           Finger Lakes          -         -         -         -           Genesee         \$34,310,359         \$32,084,509         -6.5%         6.9%         -           Livingston         \$25,913,951         \$24,199,806         -6.6%         5.3%           Monroe         \$411,069,381         \$385,62,857         -6.2%         4.0%           Orteans         \$13,974,882         \$13,395,248         -4.1%         4.9%           Seneca         \$18,731,194         \$20,567,116         9.8%         6.9%           Wayne         \$35,722,448         \$34,805,698         -2.6%         4.6%           Wyoming         \$14,926,243         \$14,214,096         -4.8% <td>Region Total</td> <td>\$610,001,020</td> <td>\$565,959,494</td> <td>-7.2%</td> <td>4.8%</td>	Region Total	\$610,001,020	\$565,959,494	-7.2%	4.8%
Cortland         \$23,804,586         \$22,871,601         -3.9%         4.3%           Madison         \$21,858,522         \$20,981,539         -4.0%         4.6%           Onondaga         \$293,756,929         \$277,789,235         -5.4%         4.3%           Oswego         \$35,481,203         \$35,198,421         -0.8%         *           Region Total         \$405,385,023         \$386,685,191         -4.6%         4.8%           Finger Lakes           4.3%         4.3%           Genesee         \$34,310,359         \$32,084,509         -6.5%         6.9%         1           Livingston         \$25,913,951         \$24,199,806         -6.6%         5.3%         4.0%           Ontario         \$66,137,332         \$64,454,456         -2.5%         6.2%         0           Orleans         \$13,974,882         \$13,395,248         -4.1%         4.9%         Seneca         \$18,731,194         \$20,567,116         9.8%         6.9%         Wayne         \$35,722,448         \$34,805,698         -2.6%         4.6%         Wyoming         \$14,926,243         \$14,214,096         -4.8%         4.9%         Seneca         \$9,153,974         \$8,986,022         1.8%         5.8%         Region Total <td>Central NY</td> <td></td> <td></td> <td></td> <td></td>	Central NY				
Madison         \$21,858,522         \$20,981,539         -4.0%         4.6%           Onondaga         \$293,756,929         \$277,789,235         -5.4%         4.3%           Oswego         \$35,481,203         \$35,198,421         -0.8%         *           Region Total         \$405,385,023         \$386,685,191         -4.6%         4.8%           Finger Lakes               Genesee         \$34,310,359         \$32,084,509         -6.5%         6.9%           Livingston         \$25,913,951         \$24,199,806         -6.6%         5.3%           Monroe         \$4411,069,381         \$385,662,857         -6.2%         4.0%           Ontario         \$66,137,332         \$64,454,456         -2.5%         6.2%           Orleans         \$13,974,882         \$13,395,248         -4.1%         4.9%           Seneca         \$18,731,194         \$20,567,116         9.8%         6.9%           Wayne         \$35,722,448         \$34,805,698         -2.6%         4.6%           Wayne         \$35,722,448         \$34,805,698         -5.0%         4.6%           Yates         \$9,153,974         \$8,986,022         1.8%         5.8%	Cayuga	\$30,483,782	\$29,844,396	-2.1%	3.8%
Onondaga         \$293,756,929         \$277,789,235         -5.4%         4.3%           Oswego         \$35,481,203         \$35,198,421         -0.8%         *           Region Total         \$405,385,023         \$386,685,191         -4.6%         4.8%           Finger Lakes               Genesee         \$34,310,359         \$32,084,509         -6.5%         6.9%           Livingston         \$25,913,951         \$24,199,806         -6.6%         5.3%           Monroe         \$411,069,381         \$385,662,857         -6.2%         4.0%           Ontario         \$66,137,332         \$64,454,456         -2.5%         6.2%           Orleans         \$13,974,882         \$13,395,248         -4.1%         4.9%           Seneca         \$18,731,194         \$20,567,116         9.8%         6.9%           Wayne         \$35,722,448         \$34,805,698         -2.6%         4.6%           Wyoming         \$14,926,243         \$14,214,096         -4.8%         4.9%           Yates         \$9,153,974         \$8,986,022         -1.8%         5.8%           Region Total         \$629,393,763         \$598,369,808         -5.0%         4.1%	Cortland	\$23,804,586	\$22,871,601	-3.9%	4.3%
Oswego         \$35,481,203         \$35,198,421         -0.8%         *           Region Total         \$405,385,023         \$386,685,191         -4.6%         4.8%           Finger Lakes                Genesee         \$34,310,359         \$32,084,509         -6.5%         6.9%           Livingston         \$25,913,951         \$24,199,806         -6.6%         5.3%           Monroe         \$411,069,381         \$385,662,857         -6.2%         4.0%           Ontario         \$66,137,332         \$64,454,456         -2.5%         6.2%           Orleans         \$13,974,882         \$13,395,248         -4.1%         4.9%           Seneca         \$18,731,194         \$20,567,116         9.8%         6.9%           Wayne         \$35,722,448         \$34,805,698         -2.6%         4.6%           Wyoming         \$14,926,243         \$14,214,096         -4.8%         4.9%           Yates         \$9,153,974         \$8,986,022         -1.8%         5.8%           Region Total         \$629,939,763         \$598,369,808         -5.0%         4.1%           Suffolk         \$1,166,194,911         \$1,069,012,710         -8.3%         6.	Madison	\$21,858,522	\$20,981,539	-4.0%	4.6%
Region Total         \$405,385,023         \$386,685,191         -4.6%         4.8%           Finger Lakes	Onondaga	\$293,756,929	\$277,789,235	-5.4%	4.3%
Finger Lakes         6.9%           Genesee         \$34,310,359         \$32,084,509         -6.5%         6.9%           Livingston         \$25,913,951         \$24,199,806         -6.6%         5.3%           Monroe         \$411,069,381         \$385,662,857         -6.2%         4.0%           Ontario         \$66,137,332         \$64,454,456         -2.5%         6.2%           Orleans         \$13,974,882         \$13,395,248         -4.1%         4.9%           Seneca         \$18,731,194         \$20,567,116         9.8%         6.9%           Wayne         \$35,722,448         \$34,805,698         -2.6%         4.6%           Wyoming         \$14,926,243         \$14,214,096         -4.8%         4.9%           Yates         \$9,153,974         \$8,986,022         -1.8%         5.8%           Region Total         \$629,939,763         \$598,369,808         -5.0%         4.1%           Suffolk         \$1,005,753,976         \$949,534,876         -5.6%         4.1%           Suffolk         \$1,166,194,911         \$1,069,012,710         -8.3%         6.1%           Region Total         \$2,171,948,887         \$2,018,547,587         -7.1%         5.1%           Mover Hudson Vall	Oswego	\$35,481,203	\$35,198,421	-0.8%	*
Genesee         \$34,310,359         \$32,084,509         -6.5%         6.9%           Livingston         \$25,913,951         \$24,199,806         -6.6%         5.3%           Monroe         \$411,069,381         \$385,662,857         -6.2%         4.0%           Ontario         \$66,137,332         \$64,454,456         -2.5%         6.2%           Orleans         \$13,974,882         \$13,395,248         -4.1%         4.9%           Seneca         \$18,731,194         \$20,567,116         9.8%         6.9%           Wayne         \$35,722,448         \$34,805,698         -2.6%         4.6%           Wyoming         \$14,926,243         \$14,214,096         -4.8%         4.9%           Yates         \$9,153,974         \$8,986,022         -1.8%         5.8%           Region Total         \$629,939,763         \$598,369,808         -5.0%         4.5%           Long Island         \$1,005,753,976         \$949,534,876         -5.6%         4.1%           Suffolk         \$1,166,194,911         \$1,069,012,710         -8.3%         6.1%           Region Total         \$2,171,948,887         \$2,018,547,587         -7.1%         5.1%           Lower Hudson Valley          \$169,717,433 <td< td=""><td>Region Total</td><td>\$405,385,023</td><td>\$386,685,191</td><td>-4.6%</td><td>4.8%</td></td<>	Region Total	\$405,385,023	\$386,685,191	-4.6%	4.8%
Livingston         \$25,913,951         \$24,199,806         -6.6%         5.3%           Monroe         \$411,069,381         \$385,662,857         -6.2%         4.0%           Ontario         \$66,137,332         \$64,454,456         -2.5%         6.2%           Orleans         \$13,974,882         \$13,395,248         -4.1%         4.9%           Seneca         \$18,731,194         \$20,567,116         9.8%         6.9%           Wayne         \$35,722,448         \$34,805,698         -2.6%         4.6%           Wyoming         \$14,926,243         \$14,214,096         -4.8%         4.9%           Yates         \$9,153,974         \$8,986,022         -1.8%         5.8%           Region Total         \$629,939,763         \$598,369,808         -5.0%         4.5%           Long Island         \$1,005,753,976         \$949,534,876         -5.6%         4.1%           Nassau         \$1,005,753,976         \$949,534,876         -5.6%         4.1%           Sutfolk         \$1,166,194,911         \$1,069,012,710         -8.3%         6.1%           Region Total         \$2,171,948,887         \$2,018,547,587         -7.1%         5.1%           Lower Hudson Valley         Y         \$462,898,900	Finger Lakes				
Monroe         \$411,069,381         \$385,662,857         -6.2%         4.0%           Ontario         \$66,137,332         \$64,454,456         -2.5%         6.2%           Orleans         \$13,974,882         \$13,395,248         -4.1%         4.9%           Seneca         \$18,731,194         \$20,567,116         9.8%         6.9%           Wayne         \$35,722,448         \$34,805,698         -2.6%         4.6%           Wyoming         \$14,926,243         \$14,214,096         -4.8%         4.9%           Yates         \$9,153,974         \$8,986,022         -1.8%         5.8%           Region Total         \$629,939,763         \$598,369,808         -5.0%         4.5%           Long Island         \$1,005,753,976         \$949,534,876         -5.6%         4.1%           Suffolk         \$1,166,194,911         \$1,069,012,710         -8.3%         6.1%           Region Total         \$2,171,948,887         \$2,018,547,587         -7.1%         5.1%           Lower Hudson Valley         \$169,717,433         \$164,132,071         -3.3%         7.9%           Westchester         \$462,898,900         \$415,113,255         -10.3%         6.5%           Region Total         \$632,616,334         \$579,2	Genesee	\$34,310,359	\$32,084,509	-6.5%	6.9%
Ontario         \$66,137,332         \$64,454,456         -2.5%         6.2%           Orleans         \$13,974,882         \$13,395,248         -4.1%         4.9%           Seneca         \$18,731,194         \$20,567,116         9.8%         6.9%           Wayne         \$35,722,448         \$34,805,698         -2.6%         4.6%           Wyoming         \$14,926,243         \$14,214,096         -4.8%         4.9%           Yates         \$9,153,974         \$8,986,022         -1.8%         5.8%           Region Total         \$629,939,763         \$598,369,808         -5.0%         4.5%           Long Island         \$1,005,753,976         \$949,534,876         -5.6%         4.1%           Suffolk         \$1,166,194,911         \$1,069,012,710         -8.3%         6.1%           Region Total         \$2,171,948,887         \$2,018,547,587         -7.1%         5.1%           Lower Hudson Valley         \$169,717,433         \$164,132,071         -3.3%         7.9%           Westchester         \$462,898,900         \$415,113,255         -10.3%         6.5%           Region Total         \$632,616,334         \$579,245,326         -8.4%         6.8%	Livingston	\$25,913,951	\$24,199,806	-6.6%	5.3%
Orleans         \$13,974,882         \$13,395,248         -4.1%         4.9%           Seneca         \$13,731,194         \$20,567,116         9.8%         6.9%           Wayne         \$35,722,448         \$34,805,698         -2.6%         4.6%           Wyoming         \$14,926,243         \$14,214,096         -4.8%         4.9%           Yates         \$9,153,974         \$8,986,022         -1.8%         5.8%           Region Total         \$629,939,763         \$598,369,808         -5.0%         4.5%           Long Island          \$1005,753,976         \$949,534,876         -5.6%         4.1%           Suffolk         \$1,166,194,911         \$1,069,012,710         -8.3%         6.1%           Region Total         \$2,171,948,887         \$2,018,547,587         -7.1%         5.1%           Lower Hudson Valley          \$164,132,071         -3.3%         7.9%           Westchester         \$462,898,900         \$415,113,255         -10.3%         6.5%           Region Total         \$632,616,334         \$579,245,326         -8.4%         6.8%	Monroe	\$411,069,381	\$385,662,857	-6.2%	4.0%
Seneca         \$18,731,194         \$20,567,116         9.8%         6.9%           Wayne         \$35,722,448         \$34,805,698         -2.6%         4.6%           Wyoming         \$14,926,243         \$14,214,096         -4.8%         4.9%           Yates         \$9,153,974         \$8,986,022         -1.8%         5.8%           Region Total         \$629,939,763         \$598,369,808         -5.0%         4.5%           Long Island          \$2,171,948,887         \$949,534,876         -5.6%         4.1%           Suffolk         \$1,166,194,911         \$1,069,012,710         -8.3%         6.1%           Region Total         \$2,171,948,887         \$2,018,547,587         -7.1%         5.1%           Lower Hudson Valley          \$164,132,071         -3.3%         7.9%           Westchester         \$462,898,900         \$415,113,255         -10.3%         6.5%           Region Total         \$632,616,334         \$579,245,326         -8.4%         6.8%	Ontario	\$66,137,332	\$64,454,456	-2.5%	6.2%
Wayne         \$35,722,448         \$34,805,698         -2.6%         4.6%           Wyoming         \$14,926,243         \$14,214,096         -4.8%         4.9%           Yates         \$9,153,974         \$8,986,022         -1.8%         5.8%           Region Total         \$629,939,763         \$598,369,808         -5.0%         4.5%           Long Island         \$1,005,753,976         \$949,534,876         -5.6%         4.1%           Nassau         \$1,005,753,976         \$949,534,876         -5.6%         4.1%           Suffolk         \$1,166,194,911         \$1,069,012,710         -8.3%         6.1%           Region Total         \$2,171,948,887         \$2,018,547,587         -7.1%         5.1%           Lower Hudson Valley         Yestchester         \$462,898,900         \$415,113,255         -10.3%         6.5%           Region Total         \$632,616,334         \$579,245,326         -8.4%         6.8%	Orleans	\$13,974,882	\$13,395,248	-4.1%	4.9%
Wyoming         \$14,926,243         \$14,214,096         -4.8%         4.9%           Yates         \$9,153,974         \$8,986,022         -1.8%         5.8%           Region Total         \$629,939,763         \$598,369,808         -5.0%         4.5%           Long Island          \$1005,753,976         \$949,534,876         -5.6%         4.1%           Suffolk         \$1,005,753,976         \$949,534,876         -5.6%         4.1%           Region Total         \$2,171,948,887         \$2,018,547,587         -7.1%         5.1%           Lower Hudson Valley            \$164,132,071         -3.3%         7.9%           Westchester         \$462,898,900         \$415,113,255         -10.3%         6.5%         6.8%	Seneca	\$18,731,194	\$20,567,116	9.8%	6.9%
Yates         \$9,153,974         \$8,986,022         -1.8%         5.8%           Region Total         \$629,939,763         \$598,369,808         -5.0%         4.5%           Long Island	Wayne	\$35,722,448	\$34,805,698	-2.6%	4.6%
Region Total         \$629,939,763         \$598,369,808         -5.0%         4.5%           Long Island <td>Wyoming</td> <td>\$14,926,243</td> <td>\$14,214,096</td> <td>-4.8%</td> <td>4.9%</td>	Wyoming	\$14,926,243	\$14,214,096	-4.8%	4.9%
Long Island         Suffolk         \$1,005,753,976         \$949,534,876         -5.6%         4.1%           Suffolk         \$1,166,194,911         \$1,069,012,710         -8.3%         6.1%           Region Total         \$2,171,948,887         \$2,018,547,587         -7.1%         5.1%           Lower Hudson Valley          \$164,132,071         -3.3%         7.9%           Rockland         \$169,717,433         \$164,132,071         -3.3%         7.9%           Westchester         \$462,898,900         \$415,113,255         -10.3%         6.5%           Region Total         \$632,616,334         \$579,245,326         -8.4%         6.8%	Yates	\$9,153,974	\$8,986,022	-1.8%	5.8%
Nassau         \$1,005,753,976         \$949,534,876         -5.6%         4.1%           Suffolk         \$1,166,194,911         \$1,069,012,710         -8.3%         6.1%           Region Total         \$2,171,948,887         \$2,018,547,587         -7.1%         5.1%           Lower Hudson Valley	Region Total	\$629,939,763	\$598,369,808	-5.0%	4.5%
Nassau         \$1,005,753,976         \$949,534,876         -5.6%         4.1%           Suffolk         \$1,166,194,911         \$1,069,012,710         -8.3%         6.1%           Region Total         \$2,171,948,887         \$2,018,547,587         -7.1%         5.1%           Lower Hudson Valley           \$169,717,433         \$164,132,071         -3.3%         7.9%           Rockland         \$169,717,433         \$164,132,071         -3.3%         7.9%           Westchester         \$462,898,900         \$415,113,255         -10.3%         6.5%           Region Total         \$632,616,334         \$579,245,326         -8.4%         6.8%	Long Island				
Region Total         \$2,171,948,887         \$2,018,547,587         -7.1%         5.1%           Lower Hudson Valley		\$1,005,753,976	\$949,534,876	-5.6%	4.1%
Region Total         \$2,171,948,887         \$2,018,547,587         -7.1%         5.1%           Lower Hudson Valley         - <td>Suffolk</td> <td></td> <td></td> <td>-8.3%</td> <td>6.1%</td>	Suffolk			-8.3%	6.1%
Rockland         \$169,717,433         \$164,132,071         -3.3%         7.9%           Westchester         \$462,898,900         \$415,113,255         -10.3%         6.5%           Region Total         \$632,616,334         \$579,245,326         -8.4%         6.8%	Region Total			-7.1%	5.1%
Rockland         \$169,717,433         \$164,132,071         -3.3%         7.9%           Westchester         \$462,898,900         \$415,113,255         -10.3%         6.5%           Region Total         \$632,616,334         \$579,245,326         -8.4%         6.8%	Lower Hudson Val	lev			
Westchester         \$462,898,900         \$415,113,255         -10.3%         6.5%           Region Total         \$632,616,334         \$579,245,326         -8.4%         6.8%			\$164,132,071	-3.3%	7.9%
Region Total         \$632,616,334         \$579,245,326         -8.4%         6.8%				-10.3%	6.5%
	Region Total			-8.4%	6.8%

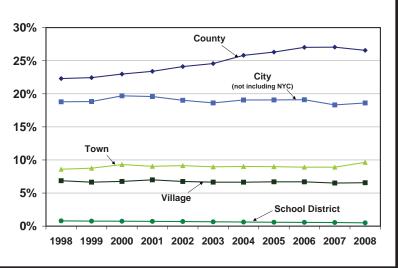
County Sales To	x Collections			
Regions and Counties	2008	2009	Percentage Change	1990-2008 Average Annual Change
Mid-Hudson				
Dutchess	\$150,961,952	\$139,710,594	-7.5%	5.5%
Orange	\$223,295,372	\$213,904,624	-4.2%	8.7%
Putnam	\$51,053,415	\$45,902,543	-10.1%	6.5%
Sullivan	\$36,271,025	\$33,424,206	-7.8%	3.9%
Ulster	\$98,775,751	\$91,409,897	-7.5%	5.2%
Region Total	\$560,357,515	\$524,351,863	-6.4%	6.5%
Mohawk Valley				
Fulton	\$17,699,300	\$16,713,704	-5.6%	4.8%
Hamilton	\$2,521,878	\$2,462,073	-2.4%	3.0%
Herkimer	\$26,523,140	\$25,646,438	-3.3%	5.1%
Montgomery	\$25,528,488	\$23,101,223	-9.5%	6.6%
Oneida	\$114,415,678	\$114,699,784	0.2%	5.7%
Schoharie	\$13,401,379	\$12,399,023	-7.5%	7.9%
Region Total	\$200,089,863	\$195,022,245	-2.5%	5.7%
North Country				
Clinton	\$48,203,803	\$45,494,840	-5.6%	5.2%
Essex	\$23,721,544	\$22,117,851	-6.8%	4.7%
Franklin	\$20,001,667	\$18,505,156	-7.5%	5.0%
Jefferson	\$62,769,280	\$60,353,924	-3.8%	4.9%
Lewis	\$9,462,859	\$8,927,987	-5.7%	5.5%
St. Lawrence	\$40,491,649	\$37,631,476	-7.1%	3.8%
Region Total	\$204,650,801	\$193,031,235	-5.7%	4.7%
Southern Tier				
Broome	\$109,650,745	\$105,170,821	-4.1%	4.1%
Chemung	\$54,007,538	\$50,864,341	-5.8%	5.8%
Chenango	\$18,299,855	\$17,184,530	-6.1%	6.7%
Delaware	\$19,921,400	\$17,971,894	-9.8%	17.6%
Otsego	\$33,561,440	\$31,389,728	-6.5%	8.0%
Schuyler	\$8,335,355	\$8,752,018	5.0%	5.9%
Steuben	\$41,665,821	\$39,081,268	-6.2%	5.1%
Tioga	\$18,717,691	\$18,647,544	-0.4%	4.2%
Tompkins	\$44,281,101	\$41,983,902	-5.2%	5.3%
Region Total	\$348,440,946	\$331,046,046	-5.0%	5.4%
Western NY				
Allegany	\$17,594,182	\$17,212,098	-2.2%	3.5%
Cattaraugus	\$32,883,830	\$32,485,768	-1.2%	3.6%
Chautauqua	\$51,625,852	\$52,248,279	1.2%	3.3%
Erie	\$655,405,223	\$634,659,891	-3.2%	4.0%
Niagara	\$98,131,913	\$96,576,954	-1.6%	2.9%
Region Total	\$855,641,001	\$833,182,991	-2.6%	3.8%
State Total	\$6,619,071,153	\$6,225,441,784	-5.9%	5.1%

#### Sales Taxes and Property Taxes

Counties depend mainly on the sales and property taxes as their major revenue sources. However, in the last decade, counties have gone from relying nearly equally on property tax and sales tax to relying significantly more heavily on the sales tax. During the 10 years from 1998 to 2008, county property tax revenue rose 42 percent, while sales tax revenues rose 66 percent, making sales tax the largest single revenue for counties, accounting for over 25 percent of total revenues for all counties. In 2008, sales tax revenue exceeded property tax revenue in 37 counties.

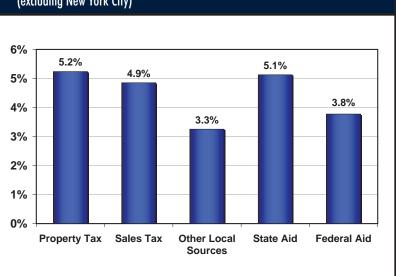
When sales tax growth is strong, it allows counties to control property tax growth. When sales tax growth is weak, it can lead to pressure to increase property taxes. Some of the recent sales tax rate increases may have been implemented to relieve pressure on property taxes.





### Sales Tax Share of Local Government Revenues

While counties have increased their reliance on sales tax revenues, this trend is not necessarily true for other local governments. This is likely because the revenue raised by the additional rates charged above 3 percent is often not shared, or is shared to a lesser degree than the base rate. For example, ten counties share the proceeds from the first 3 percent of the sales tax, but retain all of the revenue raised by the rate charged over 3 percent.<sup>10</sup> Nine counties share the additional tax beyond 3 percent, but not as generously as the first 3 percent.<sup>11</sup>



#### Average Annual Growth in Revenue Sources 1998-2008 (excluding New York City)

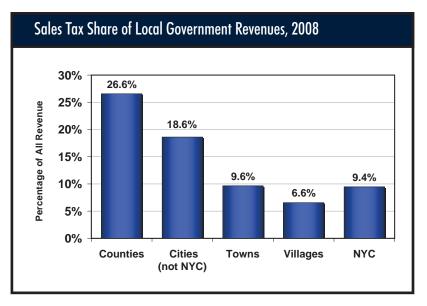
#### New York City's Sales Tax Revenue

The City of New York depends on the sales tax to a lesser extent than other cities or counties in the State. New York City received 9.4 percent of its revenues from the sales tax in 2008, while other cities in the State received 18.6 percent of their revenues from the sales tax, and counties received 26.6 percent of their revenues from the sales tax. This is because, unlike every other local government in the State (except the City of Yonkers), New York City collects its own personal and corporate income taxes. Income taxes made up 25.3 percent of New York City's revenue in 2008.

#### **Sales Tax Forecasting**

Local governments have two major reasons to focus on forecasting budgetary sales tax revenues. First, sales taxes are a substantial part of most local governments' revenues, so it is vital that this revenue be budgeted as accurately as possible. Second, sales tax revenues tend to be more volatile than other local sources of revenue (for example, property taxes and fees), as underscored by the recent steep decline in local sales tax revenues in New York State, so it is unwise to assume growth will remain constant from year to year.

One difficulty in projecting sales tax growth at the local level is the lack of timely city or countyspecific economic data that could be used in making such a projection. An additional problem is that cities and counties may not have the resources or expertise to create a sophisticated sales tax projection model for their jurisdiction. However, there are certain key economic factors that can be useful in helping to estimate sales tax collections. A good starting point for making sales tax projections would be observing



recent trends in broader national measures of the economy. While national economic trends may not be reflected completely at the local level, they will almost certainly have some impact. Timely data on such things as manufacturing, employment and retail sales are available for the national economy.

Another useful resource is the sales tax forecast contained in the latest New York State Budget. This projection depends on a sophisticated model and makes use of State consumption, income, employment, and retail sales data. While this model – or any model – is not going to be perfectly accurate, it represents the best available picture of how the sales tax will perform statewide over the next few years. This resource is most valuable if counties and cities also take into account how their sales tax revenues have historically compared to the sales tax revenues collected by the State. For example, if a county's sales tax revenue has historically grown more slowly than State sales tax revenue, this should be taken into account in the forecast.

Next, local officials need to apply their knowledge of local affairs. The opening or closing of a large retail store, the gain or loss of a major employer, or other local events can be expected to impact sales tax collections and should be incorporated into any local sales tax forecast.

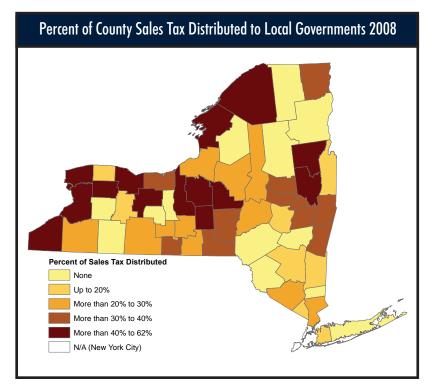
Finally, cities and counties should look at historic trends to judge the reasonableness of their projections at various points in a business cycle. Sales tax collections tend to lag the economy and can be plotted against economic expansions and contractions to estimate a range of growth or decline.

Using all of these tools, local officials should be able to create a forecast of sales tax revenues that will help in presenting realistic and accurate budgets. While recessions and other sudden economic events will still cause fiscal pain for all governments, a good forecast allows officials to be prepared to make tough decisions in a knowledgeable fashion, rather than being forced into making tardy and unpleasant choices when revenues collected fall far short of budgeted amounts.

#### **Sales Tax Sharing**

Most counties in the State share some portion of the proceeds from their sales tax with cities, towns, villages or school districts. These sales tax distributions are done in accordance with sharing agreements based on population, real property valuation and/or other factors, some of which are required by statute<sup>12</sup> under certain circumstances and others of which are left to the discretion of the county. All of

the sharing agreements must be approved by the county legislature, and any agreement between cities and counties that does not allocate revenues solely in proportion to population must also be approved by the State Comptroller.<sup>13</sup> OSC generally reviews these distribution agreements to verify that the legal authorizations to execute the agreement are in order and to determine if the proposed distribution formula is "administratively workable," i.e., that it is structured in a manner that can be audited. They are not analyzed for equity or on the basis of need. Any modifications, renewals or extensions of these agreements are also subject to approval by OSC.



Forty-four counties have some form of sales tax sharing arrangement with local governments, with the remaining 13 counties retaining all of their sales tax revenues. Overall, the counties that share distributed 31 percent of their sales tax revenues to other local governments in 2008. The portion of sales taxes distributed in the counties with sharing agreements varied from a high of 62 percent in Monroe County to a low of 5 percent in Livingston County.

Instead of participating in a sharing agreement with the county in which they are located, any city may elect to pre-empt a portion of the sales tax that is collected within its own boundaries. (See discussion of city sales tax rates above.) Those cities that have exercised their right to pre-empt a portion of the county sales tax retain all of those revenues. In 2008, cities (both those that pre-empt and those that receive a distribution from the county, excluding New York City) received \$757 million in sales tax revenue, while towns received \$597 million, villages \$164 million and school districts \$268 million. The remaining \$5 billion was retained as county revenue.

#### Monroe County Sales Tax Sharing and Medicaid Intercept

Like 43 other counties, Monroe County shares a portion of its sales tax revenue with local governments located in the county. (See Appendix A for details on the sharing agreement.) Unique among all counties in the State, Monroe County opted in 2008 to have a portion of its sales tax revenue intercepted by the State in order to pay for its share of Medicaid costs.<sup>14</sup> Of the 4 percent county sales tax, 1.61 percent is intercepted by the State, with the county receiving only the remaining 2.39 percent. Since Monroe County's sharing agreement distributes about 62 percent of the County's sales tax revenue (or about 2.5 percent from the 4 percent rate), this means that the county distributes all of the sales tax revenue it receives, and in fact must supplement the revenue distributed to meet the conditions of the sharing agreement. However, since sales tax collections in Monroe County, like the rest of the State, grew sluggishly in 2008 and declined in 2009, opting for the sales tax intercept has actually benefited the County financially. In the longer term, it remains to be seen how the growth rates will impact County finances.

#### Population Change and the 2010 Census

Because most sales tax sharing agreements in the counties with cities are based at least in part on population, cities which have lost population are particularly vulnerable to sales tax revenue losses. In 1970, 2.8 million residents lived within the boundaries of the State's 61 cities (excluding New York City), but only 2.3 million resided in these same cities by 2000—a decrease of 20 percent. During this time, the population residing in towns increased by 16 percent.

County	City	Percent of City Revenues from Sales Tax, 2008	Percent Change in County Population	Percent Change in City Population	Average Change Population of All Towns in the County	
	Albany	18.8%		-0.8%		Х
Albany	Cohoes	24.4%	1.2%	-3.2%	2.7%	Х
	Watervliet	25.3%		-4.3%		Х
Broome	Binghamton	13.6%	-2.8%	-5.6%	-1.9%	Х
01	Dunkirk	11.4%	4.00/	-8.0%	0.00/	Х
Chautauqua	Jamestown	6.3%	-4.3%	-7.9%	-2.0%	Х
Chemung	Elmira	17.1%	-3.6%	-5.4%	-2.4%	Х
Clinton	Plattsburgh	7.2%	2.6%	3.1%	1.3%	
Columbia	Hudson	12.7%	-1.7%	-8.0%	-0.6%	Х
	Buffalo	17.8%		-7.4%		Х
Erie	Lackawanna	16.3%	-4.3%	-7.7%	-2.4%	Х
	Tonawanda	21.8%		-8.2%		Х
Nasaan	Glen Cove	3.4%	4.00/	1.0%	4 70/	Х
Nassau	Long Beach	6.0%	1.3%	0.7%	1.7%	Х
	Lockport	17.4%*		-7.4%		Х
Niagara	Niagara Falls	15.9%	-2.4%	-7.6%	0.6%	Х
	North Tonawanda	17.9%		-6.1%		Х
Oneida	Sherrill	7.5%	-1.6%	-1.4%	0.5%	Х
Omtonia	Canandaigua	23.5%	4.00/	-2.2%	4 70/	Х
Ontario	Geneva	13.4%	4.2%	-3.0%	4.7%	Х
<b>A</b>	Fulton	25.9%	0.00/	-5.4%	0.5%	Х
Oswego	Oswego	31.7%	-0.8%	-4.1%	0.5%	х
Saratoga	Mechanicville	18.8%	8.3%	-3.2%	6.7%	Х
	Peekskill	7.7%	0.00/	9.1%	0.49/	
Westchester	Rye	6.2%	3.3%	0.7%	3.4%	Х

Cities depend on the sales tax to various degrees, from Oswego – where sales tax revenue represented 31.7 percent of city revenues in 2008 – to Glen Cove – where sales tax revenue was only 3.4 percent of city revenues. Those cities that rely more on the sales tax would experience more of an impact if those revenues were to decline.

From 2000 to 2008, U.S. Census Bureau estimates have shown that this trend has largely continued, with 20 of the 26 cities with sharing agreements losing population. In only two of the cities with sharing agreements during that period – Peekskill and Plattsburgh – did the population grow faster than the population of the towns in the county.

The population figures used in many sharing agreements are based on the decennial census, so if this trend continues, most cities could lose sales tax revenues when sharing agreements are updated after the 2010 census. For example, the City of Buffalo lost approximately half of its population from 1950 to 2000, and has lost an estimated 7.4 percent more from 2000 to 2008. The towns in Erie County have also been losing population, but only an estimated 2.4 percent from 2000 to 2008.

Other cities have also had major population losses. To address these declines, cities have negotiated certain measures in some sales tax sharing agreements, including hold-harmless provisions and minimum guarantees. Nevertheless, annual average sales tax revenue growth for cities (except New York City) was only 3.7 percent from 1998 to 2008, while town sales tax revenue growth was 5.2 percent.

The initial results of the 2010 Census will be available in February or March of 2011. At that point, the sharing agreements that depend on the latest population figures will shift to the new Census numbers. This will certainly cause some redistribution of sales tax revenues, as the relative sizes of local governments in the counties shift. The result may create an impetus for counties and the local governments within them to renegotiate their current sharing agreements.

From 2006 to 2009, several counties adopted new sharing agreements. In Columbia and Schenectady counties, these new agreements were more generous to the cities located in the county. In Cortland and Jefferson counties, all cities, towns and villages received a greater share of sales tax revenues than they had under the previous agreements. Before 2006, the cities of Canandaigua and Geneva in Ontario County had pre-empted 50 percent of the county sales tax collected in their limits. In 2006, Ontario County adopted a sharing agreement that provided those cities with a greater distribution than they had received through pre-emption, in return for the cities waiving their right to pre-empt.

From 2006 to 2009, no counties adopted sharing agreements that were less generous to their local governments than prior agreements, but that may be changing in the face of the recession. In November 2009, the Broome County Legislature voted to change its sharing agreement with the cities, towns and villages within the County. Previously the distribution was 50 percent of the first 3 percent of the county sales tax revenue received. Beginning in 2011, the share of sales tax revenue growth going to cities, towns and villages would be capped at a percentage less than 50 percent for four years. Broome County saw its sales tax revenue decline 4.1 percent from 2008 to 2009. This and other effects of the recession have created a deficit in the County's budget and a corresponding pressure to increase the property tax rate. The sales tax sharing change will allow the County to keep more of sales tax revenue, assuming there is growth in the 2010-2014 period.<sup>15</sup> In February 2010, the Onondaga County Legislature also began to prepare for renegotiation of that county's sharing agreement, and members have suggested that this new agreement may be less generous to towns and villages than the one currently in force.<sup>16</sup>

State tax law requires that if a county restructures its sharing agreement to reduce or eliminate the sales tax proceeds it shares with other municipalities or school districts, the county must provide written notice of the change at least six months prior to the beginning of the respective fiscal years for the cities, towns, villages or school districts that would be impacted.<sup>17</sup>

#### **Sales Taxes in a National Context**

#### Tax Burden

New York has one of the highest combined state and local sales tax rates in the nation, and it is the local portion that drives up the State's overall rate. Over 93 percent of New Yorkers reside in areas in which the total sales tax rate is at least 8 percent.<sup>18</sup> Only three states have an aggregate average state and local rate higher than New York's 8.45 percent.<sup>19</sup>

Rates only account for part of the picture in comparing sales taxes across state borders. The other part is the tax base, or what is subject to the tax. New York State exempts more items than average. Like most other states that impose sales taxes, New York exempts most food and prescription drugs, but it is one of only eleven states that exempts nonprescription drugs,<sup>20</sup> and it also exempts clothing and footwear under \$110 per item.<sup>21</sup> Each of these exemptions narrows the base of the sales tax and means that the rate must be higher to obtain the same revenue that would be available at a lower rate applied to a broader base.

#### **Internet Sales**

E-commerce sales in the fourth quarter of 2009 accounted for 3.8 percent of total retail sales in the United States.<sup>22</sup> Legal issues can present an impediment to the collection and imposition of sales tax on e-commerce transactions (purchases over the Internet).<sup>23</sup> A 2009 study estimated that uncollected sales taxes on e-commerce transactions cost states \$7.7 billion in 2008, including \$587 million in New York State.<sup>24</sup>

There have been attempts to address this issue on a national level. One such effort is the Streamlined Sales Tax Project which was launched in 2000 by representatives from various state and local governments and businesses. The group was charged with developing a set of recommendations for terms of an interstate agreement that would streamline and simplify sales and use tax systems. The long-term goals of the project are to reduce the burden of collection for all sellers and to create a voluntary collection system for remote sellers who have no requirement to collect and remit sales taxes. Twenty-three states have thus far adopted legislation to achieve these goals, contingent on adoption by the other states with sales taxes and approval by the federal government.

New York has embarked upon a different approach to imposing the sales tax on Internet sales. In 2008, Section 1101 of the Tax Law was amended to require, in certain circumstances, the collection of New York sales tax by out-of-state sellers that contractually agree to pay commission to New York residents for referring potential customers, including by a link on an Internet website.<sup>25</sup> This has resulted in most major Internet sales websites currently collecting New York State and local sales taxes, despite legal challenges to the new law.<sup>26</sup>

County Name	Recipients of County Distribution	Local Rate	Cities That Pre-Empt	Details of Sharing Agreement
Albany	City, Town, Village	4.00%		<u>All 4.00%</u> : The County retains 60% and distributes 40% to the cities and towns on the basis of published decennial census population figures. Within the towns of Coeymans and Colonie, the town total is divided between the town and the villages on the basis of property value, per signed agreements. Within the Town of Green Island, the town total is divided between the Town of Green Island (10%) and the coterminous Village of Green Island (90%) per signed agreement. Within the Towns of New Scotland and Guilderland, the town total is divided between the towns and the villages based on population by agreement within the town.
Allegany	County retains 100%	4.50%		N/A.
Broome	City, Town, Village	4.00%		First 3.00%: The County retains 50%, and distributes 50% to the cities, towns and villages based on population. Starting in the first quarter of 2011, any growth in sale tax revenue from the previous year is shared with municipalities only up to a certain percentage for the subsequent four years (0.5% in 2011, 1.0% in 2012, 1.5% in 2013 and 2.0% in 2014 and thereafter). Additional 1.00%: Retained by the County.
Cattaraugus	Town, Village	4.00%	Olean Salamanca	<u>First 3.00%</u> : The County retains 50% and distributes 50% to towns and villages, based on property value. <u>Additional 1.00%</u> : Retained by the County.
Cayuga	Town, Village	4.00%	Auburn	<u>All 4.00%</u> : The County retains 50% and distributes 50% to towns and villages based on taxable property value.
Chautauqua	City, Town, Village	3.75%		First 3.00%: The County retains 50% and the remaining 50% is distributed to cities based on population, to the towns half based on property value and half on population, and to the villages based on property value. Additional 0.75%: The County retains 80% and the cities, towns and villages receive 20% based on population.
Chemung	City, Town, Village	4.00%		<u>First 3.00%</u> : The County retains 50% and distributes the remaining 50% to cities, towns and villages based on population. <u>Additional 1.00%</u> : Retained by the County.
Chenango	Town, Village	4.00%	Norwich	First 3.00%: The County retains 50% and distributes the remaining 50% to towns and villages based on property value. Additional 1.00%: Retained by the County and dedicated to construction, operations and maintenance, and debt service for a county public safety building.
Clinton	City, Town, Village	4.00%		<u>First 3.00%</u> : Up to \$27.1 million, the County retains 55% and distributes 45% to all other municipalities. Over \$27.1 million, the County retains 65% and distributes 35% to municipalities. Distributions to the City of Plattsburgh are based on population; distributions among the towns and villages are based on property value. <u>Additional 1.00%</u> : Retained by the County.
Columbia	City, Town, Village	4.00%		<u>All 4.00%</u> : The County retains 70% and distributes the remaining 30% as follows: 88.1% to the Towns and 11.9% to the City of Hudson based on share of population from the latest census. Village distribution is based on their share of property value in the their respective towns. The County, per agreement with the City of Hudson, pays the city an additional 0.84% from the County share. In exchange, the City agrees to waive its pre-emptive right.
Cortland	City, Town, Village	4.00%		<u>All 4.00%</u> : The County retains 52%, distributes 18.24% to the City of Cortland, and 29.76% to towns and villages based on property value. (Agreement expires 2013.)
Delaware	County retains 100%	4.00%		N/A.

County Name	Recipients of County Distribution	Local Rate	Cities That Pre-Empt	Details of Sharing Agreement
Dutchess*	City, Town, Village	3.75%		<u>All 3.75%</u> : The County retains 81.547% and distributes 10.123% to the cities of Beacon (30.3%) and Poughkeepsie (69.7%) and 8.33% to the town-wide area of the County based on population. Villages receive a portion of the town shares based on property value. The balance is retained by the County.
Erie	City, Town, Village, School District, Niagara Frontier Transportation Authority	4.75%		First 3.00%: The County retains 35.3055% (of which the Niagara Frontier Transportation Authority receives 4.1667% leaving the County with 31.1388%); 10.0087% is distributed to the Cities of Buffalo, Lackawanna and Tonawanda on the basis of population; 25.6858% is divided among the Cities of Buffalo, Lackawanna and Tonawanda and the towns on the basis of population and property value, and villages receive a portion of the town share based on property value; 29% is divided among attendance. The Cities of Lackawanna and Tonawanda and Tonawanda are guaranteed an annual minimum of \$1,172,706 and \$1,534,671, respectively. Additional 1.00%: \$12.5 million is distributed to cities, towns and villages on the basis of property value, expiring 11/30/2010. Remainder is retained by the County. Last 0.75%: Retained by the County.
Essex	Town	3.75%		First 3.50%: Retained by County. <u>Next 0.25%</u> : Shared with towns based on population and property value, starting January 1, 2010 (approximately \$1.5 million).
Franklin	County retains 100%	4.00%		N/A.
Fulton	Town, Village	4.00%	Gloversville Johnstown	<u>All 4.00%</u> : The County retains 50%, and distributes 50% to towns and villages based on property value.
Genesee	City, Town, Village	4.00%		<u>All 4.00%</u> : The County retains 50%, and distributes 16% to the City of Batavia, and 34% to towns and villages based on property value.
Greene	County retains 100%	4.00%		N/A.
Hamilton	County retains 100%	3.00%		N/A.
Herkimer	City, Town, Village	4.25%		<u>First 3.00%</u> : The County retains 62.24%, the City of Little Falls receives 4.43%, and 33.33% is distributed to the towns and villages based on population and property value. <u>Additional 1.25%</u> : Retained by County for Medicaid and a new jail.
Jefferson	City, Town, Village	3.75%		<u>All 3.75%</u> : The County retains 47%, the City of Watertown receives 24%, and 29% is distributed to the towns and villages based on property value.
Lewis	County retains 100%	3.75%		N/A.
Livingston	Town, Village	4.00%		<u>First 3.00%</u> : The County retains 93.33% distributes 6.67% to towns and villages based on property value and population. <u>Additional 1.00%</u> : Retained by the County to offset Medicaid expenses.
Madison	Town, Village	4.00%	Oneida	<u>All 4.00%</u> : The County retains 50% and distributes 50% to towns and villages based on property value.

County Name	Recipients of County Distribution	Local Rate	Cities That Pre-Empt	Details of Sharing Agreement
Monroe	City, Town, Village, School District	4.00%		<u>First 3.00%</u> : Morin/Ryan Act distribution: Base is 1985 distribution where the City of Rochester received a share based on population after the county retained 25%, the City then gets 50% of post-1985 growth, capped at 35.63% of total. One-third of remainder goes to suburban school districts, two-thirds to towns and villages based half on population and half on property value. Schools and villages (not towns) are held harmless to the amount under the pre-1985 calculations; any additional needed comes out of the county share. <u>Additional 1.00%</u> : Schools receive 5% based on enrollment, towns receive 3% based on population, villages receive 1.25% based on population. The remaining 90.75% is divided between the City of Rochester and the County so that, when added to the 3% tax calculated under the Morin/ Ryan Act, both the City and County shares are equal.
Montgomery	City, Town, Village	4.00%		<u>First 3.00%</u> : The County retains 50%, and distributes 15% to the City of Amsterdam, and 35% to towns and villages based on property value. <u>Additional 1.00%</u> : County retains 80%, the City of Amsterdam receives 18% and towns and villages receive 2% based on property value.
Nassau*	City, Town, Village	4.25%		First 3.00%: Retained by County. <u>Next 0.75%</u> : The County distributes on-third to fund a local government assistance program for the three towns and two cities within the County. The assistance is distributed quarterly, on a per capita basis, based on the most recent decennial census. Villages also receive assistance, in an amount not to exceed one-sixth of the 0.75% remaining after the towns and cities have received their funding. In 2008, the villages received a lump sum amount of \$1,250,000 which was distributed on a per capita basis. <u>Final 0.50%</u> : Retained by County.
Niagara	City, Town, Village	4.00%		<u>First 3.00%</u> : The County retains 47%, distributes 1.6% to E-911 and 51.4% to cities, towns, and villages. Villages receive a portion of the town share based on real property values, except Somerset. Somerset receives its share based on population, as do all cities and towns. <u>Additional 1.00%</u> : Retained by the County to support Medicaid expenses.
Oneida	City, Town, Village	4.75%	Rome Utica	<u>First 3.00%</u> : County retains 50%; Cities of Utica and Rome each pre-empt 50% of the amount collected within their borders; County distributes 50% of the amount collected outside of those cities to its towns and villages and the city of Sherrill, based on property value. <u>Next 1.00%</u> : Of the amount collected within the cities of Utica and Rome, each city receives 50% of the amount (not pre-empted) and the County retains the other 50%. Of the amount collected outside the cities, the City of Sherrill gets a share based on population and \$1.5 million is distributed to the towns and villages based on population, and the county retains the balance. <u>Final 0.75%</u> : Retained by the county.
Onondaga	City, Town, Village, School District	4.00%		<u>First 3.00%</u> : Agreement adopted in 2000 which guaranteed that sales tax revenues will not decline for the City of Syracuse, towns and school districts from one year to the next. Growth up to 2% is shared, all growth over 2% is retained by the County. If growth declines for two years, agreement may be re-opened. The 2008 distribution was County (40.937%), City of Syracuse (24.502%), towns (28.113%) and school districts (6.448%). Town share is by population, school district share by attendance, villages get portion of town share according to property value. <u>Additional 1.00%</u> : County retains 72.7%, City receives 11.35%, towns receive 13.04%, and school districts receive 2.91%.

County Name	Recipients of County Distribution	Local Rate	Cities That Pre-Empt	Details of Sharing Agreement
Ontario	City, Town, Village	3.50%		<u>First 3.00%</u> : The County retains 50% and distributes 50% to cities, towns and villages based on population and property value. Assuming countywide sales tax collections increase, towns would receive no less than the sales tax amounts received in the 2004 base year. <u>Next 0.125%</u> : Proceeds distributed to cities, towns and villages as above. Starting in 2008, \$100,000 of this 0.125% would be set aside annually to be split between the Cities of Canandaigua and Geneva; this amount will increase \$50,000 each year. <u>Last 0.375%</u> : Retained by County.
Orange*	City, Town, Village	3.75%		<u>All 3.75%</u> : The County keeps 73.616% and distributes 26.384% to cities, towns, and villages. The three cities receive 32.525% of the 26.384% broken down as follows: Newburgh 43.995%, Middletown 40.841%, and Port Jervis 15.164%. The towns and villages receive 67.475% of the 26.384% based on population, except for the Town of Highlands and the Village of Highland Falls, which are based on the ratio of property value to entire town.
Orleans	Town, Village	4.00%		<u>First 3.00%</u> : The County retains 77.7811%, and distributes the remainder to towns and villages based on population and property valuesubject to a cap of \$1,366,671. The balance goes to the County. <u>Additional 1.00%</u> : Retained by the County.
Oswego	City, Town, Village	4.00%	Oswego	<u>All 4.00%</u> : Up to \$10 million annually: The County retains 80% and distributes 20% to towns and villages based on population. Over \$10 million annually: The County retains 90% and distributes 10% to towns and villages based on population. The City of Fulton receives \$508,000 a month-the amount it had received historically when it pre-empted-and when total collections are over \$34 million annually, the City participates in the 10% share above, based on population.
Otsego	City, Town, Village	4.00%		<u>All 4.00%</u> : The County retains 76%, distributes 12% to towns and villages (based on property value) and 12% to the City of Oneonta.
Putnam*	County retains 100%	4.00%		N/A.
Rensselaer	City, Town, Village	4.00%		<u>All 4.00%</u> : The County retains approximately 65.8% and distributes 19.6% to the City of Troy, 2.9% to the City of Rensselaer, and 11.5% plus an additional 3.5% of any distributions that exceed a base amount (1999 collections) to towns and villages based on property value.
Rockland*	Town, Village	4.00%		First 3.75%: Retained by county. Next 0.125%: Distributed to towns and villages based on population. Final 0.125%: Distributed to town and villages with police departments based on number of police officers.
St. Lawrence	City, Town, Village	3.00%		<u>All 3.00%</u> : The County retains 50% and distributes 6.437389% to the City of Ogdensburg. The remaining 43.562611% is distributed to towns and villages based on property value and population.
Saratoga	City, Town, Village	3.00%	Saratoga Springs	<u>All 3.00%</u> : The County distributes 50% to the City of Mechanicville, towns and villages by property value. The remaining 50% is retained by the County, except for \$3 million distributed to cities (including Saratoga Springs), towns and villages by population, plus \$542,000 additional for the City of Mechanicville and \$60,000 for the Town of Milton.
Schenectady	City, Town, Village	4.00%		<u>First 3.00%</u> : The City of Schenectady is guaranteed \$11.025 million in 2009, increasing \$25,000 annually through 2012. The towns are guaranteed \$7.778 million annually for the agreement term. Each town and village shall receive a proportionate share based on property value. The County retains the remainder. <u>Next 0.50%</u> : Metroplex (70%), towns and villages (30%). Distribution of the 30% to towns and villages is based on population in accordance with latest decennial federal Census. <u>Final 0.50%</u> : Retained by County.

County Name	Recipients of County Distribution	Local Rate	Cities That Pre-Empt	Details of Sharing Agreement	
Schoharie	Town, Village	4.00%		<u>All 4.00%</u> : The County retains 95% and distributes 5% to towns and villages, based on property value.	
Schuyler	Town, Village	4.00%		All 4.00%: The County retains 75% and distributes 25% to towns and villages, based on property value.	
Seneca	County retains 100%	4.00%		N/A.	
Steuben	Town, Village	4.00%	Corning Hornell	First 3.00%: the County retains 50% and distributes 50% of collections outside of the cities to towns and villages, based on property value. Additional 1.00%: Corning receives \$710,000, Hornell receives \$710,000, and towns and villages share \$750,000 based on property value. The County retains the balance.	
Suffolk*	Towns and Villages with Police Departments	4.25%		<u>All 4.25%</u> : Set negotiated amount is shared with each town and village with a separate police department (\$6,088,343 in 2009). Balance is retained by County.	
Sullivan	County retains 100%	4.00%		N/A.	
Tioga	Town, Village	4.00%		First 3.00%: The County retains 67% and distributes 33% to towns and villages based on population and property value, respectively. Additional 1.00%: Retained by the County, 50% for capital fund, 50% for general fund.	
Tompkins	City, Town, Village	4.00%	Ithaca	First 3.00%: the County retains 50%, and distributes 50% to towns and villages based on population. Additional 1.00%: the County retains 75%, and distributes 25% to the City of Ithaca, towns and villages.	
Ulster	City, Town	4.00%		All 4.00%: The County retains 85.50%, distributes 11.50% to the City of Kingston and 3% to towns based on property value.	
Warren	Town, Village	3.00%	Glens Falls	<u>All 3.00%</u> : The County retains 50% and distributes 50% to towns and villages, based on property value. The County also has an agreement (signed in 2004) to pay Glens Falls 2% of the County share on a quarterly basis. This payment is in addition to the City's pre-empted 1.5%.	
Washington	Town, Village	3.00%		All 3.00%: \$1 million is shared with towns and villages, based on population and property value. Balance is retained by County.	
Wayne	Town, Village, School District	4.00%		<u>All 4.00%</u> : The County retains 50%, and distributes 33% to school districts and 17% to towns. Distributions to school districts are based on average daily attendance. Distributions to towns are based on population. Where there is a village within the township, a distribution is made between the town and village based on property value. The school districts are capped to a maximum distribution of \$5.4 million. Balance is retained by the County.	
Westchester*	City, Town, Village, School District	3.00%	Mount Vernon New Rochelle White Plains Yonkers	First 1.50%: Retained by County. <u>Next 1.00%</u> : County retains 33.33% and distributes 50% to towns, villages, and the cities of Rye and Peekskill based on population, and 16.67% to school districts based on population within the County. <u>Next 0.50%</u> : County retains 70% and distributes 20% to towns, villages, and the cities of Rye and Peekskill based on population, and 10% to school districts based on population within the county.	
Wyoming	County retains 100%	4.00%		N/A.	
Yates	County retains 100%	4.00%		N/A.	
For all counties in	*Local tax rate does not include 0.375% for the Metropolitan Commuter Transportation District. For all counties in which one or more cities pre-empt, the sharing agreement only applies to the non-pre-empted portion of the county's sale tax collections.				

Local sales and use taxes in New York State were first authorized for New York City in 1934 to enable the City to raise additional revenues during the Depression.<sup>27</sup> Authorization was later extended to other cities and counties in 1947.<sup>28</sup> Towns and villages were excluded.

There are two components to sales tax revenue: the rate and the base (all the items or activities subject to the tax). Vendors are responsible for collecting both the State and local sales tax at the point of sale. Vendors then remit the collections to the New York State Department of Taxation and Finance either monthly, quarterly or annually, depending on the size of their revenue collections.

#### The Tax Rate

A statewide sales and compensating use tax was enacted in 1965 at the rate of 2 percent. This statewide tax rate was increased to 3 percent in 1969, to 4 percent in 1971, to 4.25 percent in 2003 and then lowered to 4 percent in 2005.

Counties and cities are authorized by Article 29 of the New York State Tax Law to impose a tax on the sale of certain goods and services up to a rate of 3 percent. However, counties may increase their rates above 3 percent with approval from the State Legislature. Currently, local sales tax rates range between 3 percent and 4.875 percent and are added to the statewide sales tax rate of 4 percent.<sup>29</sup> Accordingly, combined rates range from 7 percent to as much as 8.875 percent.

Although towns and villages are not allowed to impose a sales tax, these entities often share in county sales tax proceeds in accordance with local sales tax agreements. Presently, 44 counties share proceeds with other municipalities within their respective boundaries.

#### The Tax Base

With a few minor exceptions, the State and local sales tax bases in New York are the same. State Tax Law describes the goods and services which are subject to the sales tax, including the following:

- 1. Retail sales of tangible personal property
- 2. Certain services
- 3. Consumer utility billings
- 4. Food and drink
- 5. Hotel room occupancy
- 6. Certain admission charges and club dues

The items listed above are sometimes referred to as the "general sales tax package." If a municipality chooses to impose the general sales tax, it must impose the tax on all the categories at a uniform rate.

Categories 3 through 6 listed above may be taxed selectively by a municipality that does not impose the general sales tax. Municipalities that apply sales tax in this manner are, in fact, applying a segmented tax. At this time, only five cities impose segmented taxes: Long Beach, Lockport, Port Jervis, Newburgh and Niagara Falls.<sup>30</sup>

#### 1. Tangible Personal Property

According to the New York State Department of Taxation and Finance, tangible personal property is described as "any physical personal property that has a material existence and is perceptible to the human senses." Some examples include:

- Furniture, appliances and lighting fixtures
- Clothing and footwear (see discussion under "Exempt Items" on page 18)
- · Machinery and equipment, parts, tools and supplies
- Computers and software
- Motor vehicles
- Boats and yachts
- Fuels
- Candy and confections
- Bottled water, soda and beer
- · Cigarettes and tobacco products
- · Cosmetics and toiletries
- Jewelry

#### 2. Services

Some services are also subject to the sales tax; they are generally referred to as "specifically enumerated services" and include:

- Provision of certain information services
- Rental of safe deposit boxes, vaults or similar storage facilities
- · Provision of parking, garaging or storing services for motor vehicles
- Interior decorating or design
- Provision of protective or detective services
- Entertainment or information services provided by means of telephone or telegraph

#### 3. Consumer Utility Taxes

The Consumer Utility Tax is levied as a percentage (up to a maximum of 3 percent) of a consumer's utility bill. Counties and cities may levy this tax as part of a county/city general sales tax, at a rate different from the county/city general sales tax rate or separately in lieu of imposing a general sales tax. Two cities, Newburgh and Port Jervis, imposed a separate Consumer Utility Tax in 2009.

School districts with territory in cities with populations of 125,000 or less may impose the Consumer Utility Tax as well. This tax may be levied in addition to a similar city or county tax, or a city or county general sales tax.

As a result, city school districts have legal authorization to impose a Consumer Utility Tax up to a maximum of 3 percent, exclusive of county and city rates. This utility tax, which is part of the general sales tax, may actually be imposed up to a combined ceiling of 6 percent. This is the only instance where the local combined sales tax rate may exceed 3 percent, as statute prohibits such tax pyramiding by counties and cities.

Twenty-one city school districts imposed the Consumer Utility Tax during the 2009 State fiscal year including: Albany, Batavia, Cohoes, Glen Cove, Gloversville, Hornell, Hudson, Johnstown, Lackawanna, Long Beach, Middletown, New Rochelle, Niagara Falls, Ogdensburg, Rensselaer, Schenectady, Troy, Utica, Watertown, Watervliet and White Plains. These districts retain the sales tax revenues for their own use.

In 2009, over \$54 million was collected in Consumer Utility Taxes, including \$1.6 million by cities and \$52.6 million by city school districts.<sup>31</sup>

#### 4. Food and Drink

Generally, prepared meals and beverages sold in restaurants, taverns or similar establishments are subject to sales and use tax. However, food sold in grocery stores is generally exempt.

#### 5. Hotel Room Occupancy

This category includes rent for occupancy of a room in a hotel or motel, including bed and breakfasts, boarding houses and guest houses.

#### 6. Certain Admissions Charges and Club Dues

Sales tax is applied on admission charges to athletic contests, shows and entertainment events, cabarets and clubs and on dues for social and athletic clubs.

#### **Exempt Items**

New York State Tax Law exempts certain items from the sales tax, including the following items:<sup>32</sup>

- Purchases for resale
- Sales to or by federal and New York State governments, charitable organizations and certain other exempt organizations
- Sales of most food for consumption at home
- · Sales of prescription and nonprescription medications
- Most services such as medical care, transportation, education and personal and professional services
- · Fuels and utility services used in manufacturing

#### State Clothing Exemption

In March 2000, clothing and footwear items priced under \$110 were exempted from State sales and use tax. Counties and cities were given the option of exempting these items from the local portion of the sales tax as well. As of June 2003 this exemption was eliminated and replaced it with two annual one-week "sales tax holidays." Beginning April 1, 2006, the year-round exemption was reinstated. In 2009, New York City and the following counties also exempted the same items from the local sales tax: Broome, Chautauqua, Chenango (including the City of Norwich), Columbia, Delaware, Dutchess,<sup>33</sup> Greene, Hamilton, Madison (not including the City of Oneida), Schuyler, Tioga, and Wayne.

#### Administration

The New York State Department of Taxation and Finance is responsible for the administration and collection of sales tax proceeds. The Office of the State Comptroller is responsible for processing payments of sales tax proceeds to counties and for approving sales tax agreements between counties and cities, where the proceeds are distributed on any basis other than population.

Sales tax administration is a complex undertaking. Vendors (retail stores, for the most part) are responsible for collecting the tax at the point of sale. There is a substantial effort associated with bookkeeping and filing tax returns. Accordingly, vendors are allowed to retain a small portion of the sales tax they collect. This arrangement serves both as partial compensation for the administrative costs of collecting and remitting the tax and as an incentive for timely filing.<sup>34</sup>

In the 2009 State fiscal year, \$22.9 billion in sales tax revenue was collected by the Department of Tax and Finance. Of that amount, \$12.5 billion was sent to localities and the balance was retained by the State.<sup>35</sup>

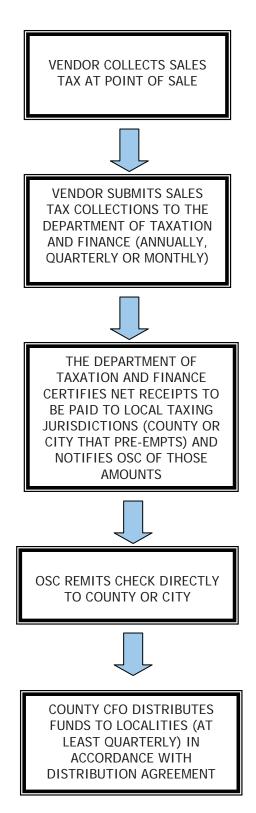
Depending on how much sales tax is collected, vendors must remit revenues either annually, quarterly or monthly. Vendors collecting the largest amount of revenue are required to remit monthly, while those collecting the least amount remit annually. Although only 7 percent of vendors are required to make monthly remittances, they account for 86 percent of all sales tax revenue in New York. As of December 8, 2009, there were over 587,000 active registered vendors in the State. Of these, approximately 284,000 are required to make annual remittances, about 261,000 are required to make quarterly remittances and over 41,000 are required to make monthly remittances.<sup>36</sup>

Vendors are also required to file sales tax returns quarterly. These returns contain information about the vendors' taxable sales for the period, including the location of the sales. Information on the location of each sale is important because it dictates where the local portion of the sales tax will be sent. In New York, the retail sales tax is a destination tax. The point of delivery or the point at which possession is transferred by the vendor to the purchaser determines the rate of local sales tax to be collected. Sales delivered outside New York State are exempt from tax.<sup>37</sup>

Because full sales tax return information is not available until the end of a quarter, the Tax Department's payments to counties (which typically occur on or about the 5th and 12th of each month)<sup>38</sup> are estimates based on the vendor's prior year sales tax return for that quarter.

Once the return information becomes available, the Department compares how much the county should have received against what the county did receive. The final payment to the county for the quarter is then adjusted in such a way that, when this amount is combined with the earlier estimated amount, the total amount paid to each county in the quarter equals the amount that should have been paid.

A variety of administrative factors affect sales tax collections and payment patterns. As mentioned above, not all vendors are required to file monthly. Because some vendors file quarterly, the months of March, June, September and December reflect higher collection figures. Additionally, transactions to correct previous filings (especially those related to large vendors) have an effect on collections once the correction is processed. These fluctuations will ultimately have an impact on cash flow for local governments.



### Sales Tax Collection/Distribution

#### • What jurisdictions can impose the general sales tax?

Cities and counties (Section1210, Tax Law).

#### • At what rate may the tax be imposed?

According to New York State Tax Law, up to 3 percent, in increments of 0.5 percent.

(Note: Most counties and certain cities have received legislative approval to impose sales tax at a rate in excess of 3 percent. Most often the additional sales tax is 1 percent in addition to the 3 percent.)

### • Can a county and a city within the county both impose in the city the general sales tax rate of 3 percent?

Yes, but in the absence of a statute providing otherwise, the maximum combined rate in the city may not exceed 3 percent. As a rule, the county and city each have a prior right to impose, within the city, the general sales tax at the rate of 1.5 percent. This can occur in a variety of combinations. For example, a county could impose a 2 percent rate and the city a 1 percent rate, or the county could impose a 1 percent rate and the city a 2 percent rate (Section 1224, Section 1262 (d) and (e), Tax Law).

If a county is imposing a 2 percent rate and a city wants to impose a 1.5 percent rate, the city may do so. However, the county must be notified in advance. When the city's 1.5 percent tax rate becomes effective, the county's 2 percent tax rate (within the city boundary) rolls back to 1.5 percent. As a result, the total sales tax rate within the city will be 3 percent. In the area of the county outside the city, the tax rate remains 2 percent.

#### • Who administers the sales tax?

The New York State Department of Taxation and Finance administers the sales tax.

#### • When may a local sales tax be imposed?

The local sales tax (including increases to the sales tax) may be imposed on December 1, March 1, June 1 or September 1, unless otherwise approved by law.

#### • Who distributes the receipts from local sales taxes?

The State Comptroller pays local sales tax receipts monthly to the local taxing jurisdictions (counties or cities that impose their own sales tax) on the basis of amounts certified by the State Tax Commissioner. Distributions within a county are made by the chief fiscal officer of the county and must be made at least quarterly.

### • Can a county share its sales tax receipts with other local governments or for educational purposes?

Yes. The county also has the option to retain all of its sales tax receipts for county purposes, unless a city in the county has pre-empted a portion of the county's sales tax rate, in which case the county must share a similar portion with the other cities and towns in the county.

For example, if the City of A in the County of B preempts 1.5 percent of the county's 3 percent sales tax, then the County of B must share 1.5 percent of the sales tax collected outside of the City of A with all of the towns in the county.

### • Can a county distribute sales tax receipts to the cities within its borders but not to the town-wide area?

Not in the absence of a sales tax agreement. In the absence of a sales tax agreement, if a county does not elect to use its sales tax receipts for county or educational purposes, they must be allocated to all cities and towns within the county (Section 1262 (c), Tax Law).

• Can a county distribute sales tax receipts to school districts but not to cities and the town-wide area?

Yes (Section 1262 (a), Tax Law). No county currently does this.

# • If a county gets approval to increase its sales tax rate above the 3 percent allowed by statute, must it share that additional 1 percent with other localities, in accordance with existing sharing agreements?

No, unless either the state legislation authorizing the additional percentage, the sharing agreement or the County's local enactment require the additional 1 percent to be shared.

### • Who is entitled to the interest earned by the county when investing sales tax receipts during the period prior to subsequent distribution to other municipalities?

While sales tax receipts are in the custody of the county, they are considered to be general county revenues. The interest earned on the temporary investment of these revenues belongs to the county (Opinion of the State Comptroller #79-472).

### • If a town and all villages within the town receive their shares of sales tax receipts in cash, how may the town use these monies?

The town must use the sales tax receipts for part-town purposes that benefit the area outside of the incorporated villages (Section 1262 (c) and (d), Tax Law).

### • Can a county, city or school district get help from the State regarding sales and compensating use taxes?

Yes. A county, city or school district should contact the Office of Counsel at the New York State Department of Taxation and Finance (Tax Department) at (518) 457-2153 to ask for help. The Tax Department will answer questions about how a locality goes about imposing sales and use taxes, changing its rate of tax, repealing taxes and providing exemptions (clothing and footwear, residential energy sources, solar energy equipment, Empire Zone businesses, etc.). The Tax Department will also answer questions about what happens when a county and a city in the county each want to impose sales and use taxes.

#### • Does the Tax Department have model enactments for localities to use?

Yes. The Tax Department has model local laws, ordinances and resolutions that localities are required to use. The locality should contact the Office of Counsel at (518) 457-2153 to request the appropriate model enactment.

### • Are there deadlines for a locality to adopt a local law, ordinance or resolution relating to local sales and use taxes?

Yes. New sales and use taxes and changes to existing sales and use taxes must take effect on the first day of a sales tax quarterly period (March, June, September and December 1st). Generally, the locality is required to adopt its local enactment and mail a certified copy to the Tax Department at least 90 days prior to the effective date. The locality should contact the Tax Department as early in the process as possible, in order to ensure that its enactment can take effect on the desired effective date.

## **Significant Legislation**

The significant statutory changes to the New York sales and use tax since its inception are summarized below.

Subject	Description	Effective Date
Legislation Enacted in 1965		
Reimpose	Imposed a 2 percent sales and use tax on retail sales or use of tangible personal property.	August 1, 1965
Legislation Enacted in 1970		
Rate Increase	Increased the sales tax rate to 3 percent.	April 1, 1969
Legislation Enacted in 1971		
Rate Increase	Increased the sales tax rate to 4 percent.	June 1, 1971
Legislation Enacted in 1975		
March Prepayment	Imposed a March prepayment under the sales tax.	1975 and after
Legislation Enacted in 1977		
Fuel Use Tax	Added an eight percent sales tax component to the fuel use tax.	1977 and after
Legislation Enacted in 1978		
Residential Fuel	Provided phasing in exemption for residential energy use. It was fully exempted on October 1, 1980.	January 1, 1979
Fuel Use Tax	Reduced the sales tax component from eight to seven percent.	1978 and after
Legislation Enacted in 1981		
MTA	Imposed MTA sales tax at 0.25 percent.	1981 and after
Legislation Enacted in 1985		
Gasoline Tax Payment	Required sales tax on gasoline pre-paid upon importation of fuel into the State. (The same requirement applied to diesel fuel in 1988.)	June 1, 1985
МТА	The Mass Transportation and Operating Assistance Fund (MTOAF) was created. The rate was one-quarter of one percent.	September 1, 1985
Legislation Enacted in 1989		
Base Broadening	Broadened the sales tax base to impose tax on parking, protective and detective services, building maintenance, interior design services, auto leasing, and 900 numbers.	1989 and after
Legislation Enacted in 1990		
Cable Television	Exempted cable television service from the tax.	September 1, 1990
LGAC	Created the Local Government Assistance Corporation (LGAC). One-fourth of State four-cent sales tax collections were earmarked to the LGAC.	1990 and after
Legislation Enacted in 1991		
March prepayment	Ended March prepayment.	1993 and after

Subject	Description	Effective Date
Legislation Enacted in 1992		
EFTs	Established Electric funds transfer (EFT) for large vendors.	1992 and after
Alternative Fuel Vehicles	The additional cost of new alternative fuel vehicles above the sales price of comparable gasoline or diesel powered vehicles is exempt from tax. Expired February 2005.	September 1, 1992
Legislation Enacted in 1993		
Information and Entertainment	Tax imposed on information and entertainment services (5%)	1993 and after
Legislation Enacted in 1994		
Racehorses	Exempted certain registered racehorses used in authorized pari- mutuel events.	June 1, 1994
Vendor Allowance	Enacted the vendor allowance credit for timely filed quarterly or annual returns at the rate of 1.5 percent of State sales tax collected up to a maximum of \$100 per return.	September 1,1994
Legislation Enacted in 1994		
Racehorses	Exempted certain registered racehorses used in authorized pari- mutuel events.	June 1, 1994
Vendor Allowance	Enacted the vendor allowance credit for timely filed quarterly or annual returns at the rate of 1.5 percent of State sales tax collected up to a maximum of \$100 per return.	September 1, 1994
Legislation Enacted in 1995		
Homeowners' Associations	Exempted dues paid to homeowners' associations operating social or athletic facilities for their members.	September 1, 1995
Meteorological Services	Exempted the sale of meteorological information services.	September 1, 1995
Legislation Enacted in 1996		
Clothing and Footwear	Exempted clothing and footwear priced under \$500 for the one- week period of January 18-24, 1997.	January 18-24, 1997
Promotional Materials	Expanded the exemption for certain printed promotional materials distributed by mail to customers in New York State.	March 1, 1997
Legislation Enacted in 1997		
Buses	Provided an exemption for buses used to transport persons for hire, and related parts and services.	December 1, 1997
Clothing and Footwear	Exempted clothing priced under \$100 for the one-week periods of September 1-7, 1997, and September 1-7, 1998.	September 1-7, 1997 September 1-7, 1998
	Permanently exempted clothing priced under \$100.	December 1, 1999
Homeowner Association Parking	Exempted parking services sold by a homeowners' association to its members.	December 1, 1997
Various Coin-Operated Devices	Raised the exemption threshold for bulk vending machine sales to 50 cents from 25 cents, exempted coin-operated car washes, exempted coin-operated photocopying costing under 50 cents, and exempted certain hot food and beverages sold through vending machines.	December 1, 1997
Vendor Allowance	Increased the sales tax vendor allowance from 1.5 percent to 3.5 percent of State tax collected, capped at \$150 per quarter.	March 1, 1999

Subject	Description	Effective Date
Legislation Enacted in 1998		
Clothing and Footwear	Included footwear in the September 1-7, 1998, temporary clothing exemption and raised exemption threshold to \$500 from \$100.	September 1-7, 1998
	Exempted clothing and footwear priced under \$500 during the January 17-24, 1999 period.	January 17-24, 1999
	Included footwear in the permanent clothing exemption beginning on December 1, 1999, and raised exemption threshold from \$100 to \$110.	December 1, 1999
Coin Telephones	Increased the exemption threshold for coin-operated telephone calls to 25 cents from 10 cents.	September 1, 1998
College Textbooks	Exempted textbooks purchased by college students that are required for their courses.	June 1, 1998
Computer Hardware	Exempted computer system hardware used to design and develop computer software for sale.	June 1, 1998
Internet Access Service	Codified State policy of exempting charges for Internet access services.	February 1, 1997
Materialmen	Allowed certain materialmen (i.e., building materials suppliers) to remit sales tax returns on either a cash or an accrual basis.	June 1, 1999
Telephone Central Office Equipment	Expanded existing exemption for telephone central office equipment to include such equipment or apparatus used in amplifying, receiving, processing, transmitting, and re- transmitting telephone signals.	September 1, 1998
Alternate Fuel Vehicle Refueling Equipment	Receipts from the sale and installation of alternative fuel vehicle refueling equipment is exempt from tax. Expired February 29, 2005.	March 1, 1998
Legislation Enacted in 1999		
Clothing and Footwear	Changed the effective date of the permanent exemption for clothing and footwear priced under \$110 from December 1, 1999, to March 1, 2000.	March 1, 2000
	Temporarily exempted clothing and footwear priced under \$500 for the periods of September 1-7, 1999, and January 15-21, 2000.	September 1-7, 1999 January 15-21, 2000
Computer Hardware	Provided an exemption for computer system hardware used to design and develop Internet web sites for sale.	March 1, 2001
Farm Production	Expanded the farm production exemption to include fencing and certain building materials. Converted the refund for tax paid on motor vehicles to an exemption.	March 1, 2001
Telecommunications Equipment	Exempted machinery and equipment used to upgrade cable television systems to provide telecommunications services for sale and to provide Internet access service for sale.	March 1, 2001
Theater	Exempted certain tangible personal property and services used in the production of live dramatic or musical arts performances.	March 1, 2001

Subject	Description	Effective Date
Legislation Enacted in 2000		
Farm Production	Exempted property, building materials and utility services used in farm production. Expanded definition of farms to include commercial horse boarding operations.	September 1, 2000
Internet Data Centers	Exempted computer hardware and software purchased by Internet Data Centers (web site hosting facilities) operating in New York. Included required equipment such as air conditioning systems, power systems, raised flooring, cabling, and the services related to the exempted property.	September 1, 2000
Vending Machines	Exempted food and drink sold through a vending machine that costs 75 cents or less.	September 1, 2000
Telecommunications Equipment and Communications Services	Exempted property used to provide telecommunications services, Internet access services, or a combination thereof. Also, exempted certain services to the exempted property, such as installation and maintenance. Provided a three-year exemption for machinery and equipment used to upgrade cable television systems to a digital-based technology.	September 1, 2000
Radio and Television Broadcasting	Exempted machinery and equipment (including parts, tools and supplies) and certain services used for production and transmission of live or recorded programs. A broadcaster includes Federal communications licensed radio and television stations, television networks, and cable television networks.	September 1, 2000
Pollution Abatement	Exempted manufacturing and industrial pollution control equipment and machinery.	March 1, 2001
Transmission and Distribution of Electricity and Gas	Phased out over three years the sales tax on the separately purchased transmission of electricity and gas.	September 1, 2000
Empire Zones	Exempted property and services used or consumed by qualified businesses within Empire Zones.	March 1, 2001
Purchase of Gas or Electricity from Outside of New York	Imposed a compensating use tax on purchases of gas or electricity from vendors located outside of New York.	June 1, 2000
Legislation Enacted in 2001		
Empire Zones	Added eight new Empire Zones, for a total of 66 zones throughout the State. Four of the eight new Empire Zones became effective immediately.	October 29, 2001
Legislation Enacted in 2002		
Temporary Exemption in Liberty Zone	Temporarily exempted most tangible personal property priced under \$500 sold in the Liberty and Resurgence Zones in New York City for the periods of June 9-11, July 9-11 and August 20-22, 2002.	June 1, 2002
EFT Threshold Change	Lowered the Electronic Fund Transfer threshold from \$1 million to \$500,000.	September 1, 2002
Legislation Enacted in 2003		
Surcharge	Raised the State sales tax rate from 4 to 4.25 percent through May 31, 2005.	June 1, 2003
Temporary repeal of clothing exemption	Temporarily repealed the exemption on items of clothing and footwear priced under \$110 and created two clothing exemption weeks at the same \$110 threshold.	June 1, 2003
Use tax line on PIT return	Required a line on PIT returns for taxpayers to report use tax owed.	May 24, 2003

Subject	Description	Effective Date
Legislation Enacted in 2004		
Extend Temporary Repeal of Clothing Exemption	Extended the expiration date to May 31, 2005, for the temporary repeal of the exemption on items of clothing and footwear priced under \$110 and created two exemption weeks at the same \$110 threshold.	August 20, 2004
Aircraft Parts and Services	Exempted parts used exclusively to maintain, repair, overhaul or rebuild aircraft parts or aircraft services.	December 1, 2004
Vessels Providing Local Transit	Provided refunds and credits for certain vessels used to provide transit service and certain related property and services.	December 1, 2004
Contractors and Affiliates	Required contractors, subcontractors and their affiliates who make deliveries of taxable services or tangible personal property valued at more than \$300,000 to New York locations to register as sales tax vendors.	August 20, 2004
Legislation Enacted in 2005		
Extend Temporary Repeal of Clothing Exemption	Extended the expiration date to March 31, 2007, for the temporary repeal of the exemption on items of clothing and footwear priced under \$110 and created two exemption weeks at the same \$110 threshold. If the 2006-07 Executive Budget included tax cut proposals, the year-round exemption for such items takes effect on April 1, 2006.	April 12, 2005
Manhattan Parking Vendors	Made permanent the sales tax enforcement provisions relating to parking vendors in Manhattan.	April 12, 2005
Metropolitan Commuter Transportation District Sales Tax Rate	Increased the sales and use tax rate in the Metropolitan Commuter Transportation District (MTCD) from 0.25 percent to 0.375 percent.	June 1, 2005
Sales Tax Medicaid Intercept	Provided for the State to calculate an optional local "Medicaid amount", and for such amount to be intercepted from local sales tax distributions and directed to the State.	April 12, 2005
Amusement Park Admissions	Extended until October 1, 2006, the 75 percent sales tax exemption of the amount charged for admission to a qualifying place of amusement.	April 12, 2005
Lower Manhattan Office Space	Provided sales tax exemption for property used to furnish or equip lower Manhattan office space.	August 30, 2005
Residential Solar Energy	Exempted the sale and installation of residential solar energy systems equipment from sales and use taxes.	July 26, 2005
In Bay Car Washes	Exempted coin-operated or fully automated car washing, waxing or vacuuming from sales and use taxes.	December 1, 2005
Marine Terminal Facilities	Exempted certain machinery and equipment for marine container terminals in New York City from State sales and use taxes.	December 1, 2005
Waste Transfer Stations	Exempted certain waste transfer services from State and local sales and use taxes.	December 1, 2005
State Charter Credit Unions	Exempted State charter credit unions from sales and use taxes.	March 1, 2006
Direct Shipment of Wine	Provided for certain limited direct interstate shipments of wine.	August 11, 2005
Electricity	Exempted electricity, refrigeration and steam services produced by a cogeneration facility owned by certain cooperative corporations.	March 1, 2006

Subject	Description	Effective Date
Legislation Enacted in 2006		
Clothing	Permanently exempted clothing and footwear priced under \$110.	April 1, 2006
Vendor Allowance	Increased vendor credit from 3.5 percent to 5 percent and increased the cap from \$150 to \$175. The cap increased to \$200 on March 1, 2007.	September 1, 2006
Amusement Parks	Exempted admissions to amusement parks permanently.	October 1, 2006
Motor Fuel Cap	Limits the amount of sales tax imposed on motor fuels to 8 cents per gallon. Localities imposing a sales tax have the option either to continue to use the percentage rate method or to change to a cents-per-gallon method of computing sales tax. The localities also have options to cap the tax amount at \$2 or \$3 per gallon under the cents-per-gallon method. Effective December 1, 2007, only 8 counties and 2 cities are imposing the \$2 cap on motor fuel and diesel motor fuel.	June 1, 2006
Alternative Fuels	A full exemption for E85, CNG and Hydrogen and a partial exemption for B20 from September 1, 2006 through September 1, 2011.	September 1, 2006
Cabaret	Exempted admissions to cabaret.	December 1, 2006
Credit Card	Allowed refund of sales tax paid on certain credit card accounts.	January 1, 2007
Legislation Enacted in 2008		
Sales – Exempt Organizations	Required nonprofit charitable, educational, religious and other organizations to collect sales tax on retail sales of certain property and services.	September 1, 2008
SUT – Vendor Registration	Required all vendors to register with the Department of Taxation and Finance. The registration fee is \$50.	November 1, 2008
Sales Tax Nexus	Created an evidentiary presumption that certain sellers using New York residents to solicit sales in the State are vendors required to collect tax.	April 23, 2008
Sales – Voluntary Disclosure and Compliance (VDC) Program	Allowed eligible taxpayers to voluntarily disclose and pay certain underreported tax liabilities and interest.	April 23, 2008
Legislation Enacted in 2009		
Transportation	Imposed a sales tax on certain transportation services (specifically black cars, limousines, and livery vehicles).	June 1, 2009
Compliance	Increased tax compliance efforts (i.e. third-party reporting).	June 1, 2009
Prepaid Rate Cigarettes	Increased prepaid sales tax rate on cigarettes from seven to eight percent of the base retail price.	June 1, 2009
Affiliate Nexus	Expanded the definition of vendor to preclude certain retailers from avoiding the tax.	June 1, 2009
Abusive Schemes	Narrowed the exemption for commercial aircraft and the use tax exemption for motor vehicles, vessels and aircraft.	June 1, 2009

Source: New York State Division of the Budget, 2010-11 Executive Budget: Economic and Revenue Outlook, pp. 249-253.

## Sales Tax Rate Table (Tax and Finance Publication 718-A)

New York State Department of Taxation and Finance

### Publication 718-A (11/09) **Enactment and Effective Dates of Sales and Use Tax Rates**

Use this publication to determine the enactment and effective dates of sales and use tax rates imposed, increased, or decreased by the various localities. The rates indicated cannot be added to determine the combined state, county, and city tax rate. Refer

Jurisdiction		%	Enacted	Effective
New York State		2	14 Apr. 1965	1 Aug. 1965
		3	29 Mar. 1969	1 Apr. 1969
		4	2 Apr. 1971	1 June 1971
		41⁄4	15 May 2003	1 June 2003
	F	4	15 May 2003	1 June 2005
Albany County		2	11 Dec. 1967	1 Mar. 1968
		3	15 Dec. 1969	1 Mar. 1970
	С	4	31 July 1992	1 Sep. 1992
Allegany County		2	16 Nov. 1967	1 Mar. 1968
		3	14 Oct. 1975	1 Mar. 1976
		4	14 Oct. 1986	1 Dec. 1986
	С	41⁄2	13 Sep. 2004	1 Dec. 2004
Bronx County		See N	ew York City on	page 3
Broome County		2	13 July 1965	1 Aug. 1965
		3	19 Feb. 1974	1 June 1974
	С	4	3 Feb. 1994	1 Mar. 1994
Cattaraugus County		3	21 Nov. 1967	1 Mar. 1968
	С	4	30 Dec. 1985	1 Mar. 1986
Cayuga County		3	19 Mar. 1968	1 June 1968
	С	4	28 July 1992	1 Sep. 1992
Chautauqua County		3	10 May 1968	1 Sep. 1968
		41⁄4	4 Feb. 2005	1 Mar. 2005
		4	28 June 2006	1 Sep. 2006
	Ι	3¾	22 Aug. 2007	1 Dec. 2007
Chemung County		2	12 July 1965	1 Aug. 1965
		3	12 Dec. 1967	1 Mar. 1968
	С	4	12 Aug. 2002	1 Dec. 2002
Chenango County		2	2 Dec. 1968	1 Mar. 1969
		3	23 Sep. 1991	1 Dec. 1991
	С	4	15 July 2002	1 Sep. 2002
Clinton County		3	24 Nov. 1967	1 Mar. 1968
	_	3¾	28 Apr. 2004	1 June 2004
	С	4	22 Aug. 2007	1 Dec. 2007
Columbia County		2	29 Nov. 1971	1 Mar. 1972
	_	3	8 Dec. 1982	1 Mar. 1983
	С	4	28 Jan. 1995	1 Mar. 1995
Cortland County		3	24 Nov. 1967	1 Mar. 1968
	С	4	5 Aug. 1992	1 Sep. 1992
Delaware County		2	13 June 1990	1 Sep. 1990
		3	14 Nov. 2001	1 Mar. 2002
	С	4	8 Oct. 2003	1 Dec. 2003
Dutchess County	А	1	9 Dec. 1975	1 Mar. 1976
		3	11 Dec. 1989	1 Mar. 1990
	С	3¾	28 Feb. 2003	1 June 2003

A — Enacted July 11, 1981, effective September 1, 1981, an additional tax of ¼% is imposed in these localities for the benefit of the Metropolitan Commuter Transportation District (MCTD). Enacted April 12, 2005, effective June 1, 2005, the additional tax imposed in these localities for the benefit of the MCTD increased to 3/8%.

B - Effective December 31, 2013, additional 1/4% tax will expire.

to Publication 718, New York State Sales and Use Tax Rates by Jurisdiction, for the combined rates. Any items changed from the previous version are noted in *boldface italics*.

Jurisdiction		%	Enacted	Effective
Erie County		2	27 July 1965	1 Aug. 1965
Ene County		3	30 Nov. 1971	1 Mar. 1972
		4	10 Dec. 1984	1 Mar. 1972
		4		
			18 Dec. 1986	1 Jan. 1987
		3	Effective 1 Jan. 19	
	Н	4	7 Jan. 1988	10 Jan. 1988
	G	41/4	23 June 2005	1 July 2005
	С	4¾	10 Jan. 2006	15 Jan. 2006
Essex County	~	3	4 Dec. 1967	1 Mar. 1968
	С	3¾	19 July 2004	1 Sep. 2004
Franklin County		2	22 Aug. 1967	1 Dec. 1967
		3	29 May 1968	1 Sep. 1968
	С	4	1 May 2006	1 June 2006
Fulton County		3	11 Dec. 1967	1 Mar. 1968
	С	4	8 Aug. 2005	1 Dec. 2005
Genesee County		2	25 June 1965	1 Jan. 1966
		3	26 Nov. 1980	1 Mar. 1981
	С	4	22 June 1994	1 Sep. 1994
Greene County		2	22 Mar. 1968	1 June 1968
		3	1 Feb. 1977	1 June 1977
	С	4	4 Feb. 1993	1 Mar. 1993
Hamilton County		3	4 Jan. 1968	1 June 1968
Herkimer County		3	14 Dec. 1987	1 Mar. 1988
		4	5 July 1994	1 Sep. 1994
	С	41⁄4	12 Sept. 2007	1 Dec. 2007
Jefferson County		2	12 July 1965	1 Aug. 1965
		3	14 Nov. 1967	1 Mar. 1968
	С	3¾	27 July 2004	1 Sep. 2004
Kings County		See N	ew York City on	Page 3
Lewis County		2	24 Aug. 1981	1 Dec. 1981
		3	6 Jan. 1987	1 Mar. 1987
	С	3¾	30 Apr. 2004	1 June 2004
Livingston County		3	30 Nov. 1967	1 Mar. 1968
j j	С	4	1 Apr. 2003	1 June 2003
Madison County		2	15 Dec. 1967	1 Mar. 1968
, ,		3	28 Aug. 1984	1 Dec. 1984
	С	4	1 Apr. 2004	1 June 2004
Monroe County		3	20 July 1965	1 Aug. 1965
,		3½	3 Aug. 1992	1 Sep. 1992
	D	4	10 Feb. 1993	1 Mar. 1993
	С	4	10 Feb. 1993	1 Dec. 1993
Montgomery County		3	5 Dec. 1967	1 Mar. 1968
	С	4	22 Apr. 2003	1 June 2003

C - Effective November 30, 2011, additional tax will expire. D - Effective November 30, 1993, additional ½% plus ½% rates

- expired, replaced effective December 1, 1993, by additional 1%.
- Е Effective August 31, 2028, additional 1/2% tax will expire.
- F Effective May 31, 2005, additional 1/4% expired.

G - Effective January 14, 2006, additional 1/4% expired.

H - Effective November 30, 2010, additional 1% tax will expire. I – Effective November 30, 2010, additional tax will expire.

## Sales Tax Rate Table (Tax and Finance Publication 718-A)

#### Page 2 of 4 Publication 718-A (11/09)

Jurisdiction		%	Enacted	Effective
Nassau County		2	9 Dec. 1968	1 Mar. 1969
-		3	29 Nov. 1971	1 Mar. 1972
		4	16 July 1976	1 Sep. 1976
	А	3	16 July 1976	1 Sep. 1977
		4	25 Apr. 1983	1 Jun. 1983
		4	10 Sep. 1984	1 Jan. 1985
		3¾	10 Sep. 1984	1 Jan. 1986
	С	41⁄4	23 July 1991	1 Sep. 1991
New York County			ew York City on	
Niagara County		3	3 Dec. 1968	1 Mar. 1969
	С	4	22 Jan. 2003	1 Mar. 2003
Oneida County	-	3	27 Oct. 1982	1 Dec. 1982
Chicida County		4	3 Aug. 1992	1 Sep. 1992
		5½	3 Feb. 2005	1 Mar. 2005
		5	30 May 2006	1 Sep. 2006
	С	43/4	15 Aug. 2007	1 Dec. 2007
Opondogo County	0	- 74		
Onondaga County		3	11 Sep. 1967 11 Oct. 1968	1 Dec. 1967 1 Dec. 1968
	С	4	15 July 2004	
Orstania Osvertu	0			1 Sep. 2004
Ontario County		2	26 May 1967	1 Sep. 1967
		3	12 Mar. 1970	1 June 1970
	~	31/8	1 June 2006	1 Sep. 2006
	C	31/2	16 July 2009	1 Sep. 2009
Orange County	А	1	10 Sep. 1982	1 Dec. 1982
		2	26 Oct. 1983	1 Dec. 1983
	_	3	13 Dec. 1991	1 Mar. 1992
	С	3¾	2 Apr. 2004	1 June 2004
Orleans County		2	30 Nov. 1967	1 Mar. 1968
		3	4 June 1970	1 Sep. 1970
	С	4	1 May 1993	1 June 1993
Oswego County		3	11 Apr. 1996	1 Mar. 1997
	С	4	24 June 2004	1 Sep. 2004
Otsego County		2	7 Dec. 1967	1 Mar. 1968
		3	16 Oct. 1991	1 Dec. 1991
	С	4	3 Sep. 2003	1 Dec. 2003
Putnam County		1	10 Feb. 1977	1 June 1977
	А	2	14 Oct. 1980	1 Mar. 1981
		21/2	17 Oct. 1983	1 Dec. 1983
		2	5 May 1987	1 Sep. 1987
		3	1 Nov. 1988	1 Mar. 1989
		31⁄2	15 July 2005	1 Sep. 2005
	С	4	20 July 2007	1 Sep. 2007
Queens County		See N	ew York City on	
Rensselaer County		2	24 July 1968	1 Dec. 1968
		3	27 Oct. 1982	1 Dec. 1982
	С	4	25 July 1994	1 Sep. 1994
Richmond County		See N	ew York City on	
Rockland County	А	2	20 Dec. 1983	1 Mar. 1984
Í		21/2	27 Nov. 1990	1 Mar. 1991
		3	19 July 1991	1 Sep. 1991
		35/8	14 Feb. 2002	1 Mar. 2002
	С	4	14 Feb. 2007	1 Mar. 2002
1	-			

Α —	Enacted July 11, 1981, effective September 1, 1981, an additional
	tax of 1/4% is imposed in these localities for the benefit of the
	Metropolitan Commuter Transportation District (MCTD). Enacted
	April 12, 2005, effective June 1, 2005, the additional tax imposed in
	these localities for the benefit of the MCTD increased to 3/8%.
-	

B – Effective December 31, 2013, additional ¼% tax will expire.
 C – Effective November 30, 2011, additional tax will expire.

	%	Enacted	Effective
	3	13 Nov. 1967	1 Mar. 1968
	3	22 Apr. 1982	1 June 1982
	1⁄2	29 Sep. 1988	1 Dec. 1988
	3	24 Jan. 1989	1 Mar. 1989
	31⁄2	14 July 1998	1 Sep. 1998
′E	4	28 Apr. 2003	1 June 2003
	2	20 Jan. 1984	1 June 1984
	3	17 Dec. 1991	1 Mar. 1992
с	4	12 Mar. 2004	1 June 2004
	3	27 Nov. 1967	1 Mar. 1968
С	4	14 Dec. 1999	1 Mar. 2000
	1	12 Jan. 1982	1 Mar. 1982
	3		1 Sep. 1982
С	4		1 Dec. 2002
-			1 Mar. 1968
			1 Mar. 1972
С	-		1 Dec. 1992
<u> </u>			1 Mar. 1969
^			1 Sep. 1972
	-		1 Dec. 1972
			1 Sep. 1984
			1 Sep. 1992
			1 Jan. 1996 1 June 2001
6			
			1 Mar. 1968
	-		1 Mar. 1975
		,	1 June 2003
C			1 June 2007
			1 Sep. 1968
			1 Sep. 1984
			1 Mar. 1994
С	4		1 Dec. 2003
	3		1 Mar. 1967
С	4	1 Sep. 1992	1 Dec. 1992
	1	13 Feb. 1969	1 June 1969
	3	9 Dec. 1976	1 Mar. 1977
	3¾	12 Aug. 1993	1 Dec. 1993
С	4	30 July 2002	1 Sep. 2002
	3	27 Nov. 1967	1 Mar. 1968
	3	25 Feb. 1970	1 Sep. 1970
	2	15 Nov. 1967	1 Mar. 1968
	3	20 Feb. 1968	1 June 1968
с	4	18 Nov. 2003	1 Mar. 2004
Α	1	22 Dec. 1971	1 Sep. 1972
	1½	28 Dec. 1981	1 June 1982
	21/2		15 Oct. 1991
	3	24 Feb. 2004	1 Mar. 2004
_		25 Nov. 1980	1 Mar. 1981
	3		
С	3		
с	3 4 3	13 Oct. 1992 20 Nov. 1967	1 Dec. 1992 1 Mar. 1968
	C C C C C C C C C C C C C C C C C C C	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	3         22 Apr. 1982           ½         29 Sep. 1988           3         24 Jan. 1989           3½         14 July 1998           4         28 Apr. 2003           2         20 Jan. 1984           3         17 Dec. 1991           C         4         12 Mar. 2004           3         27 Nov. 1967           C         4         12 Jan. 1982           3         13 July 1982           C         4         13 Aug. 2002           2         27 Nov. 1967           3         22 Nov. 1971           C         4         26 Oct. 1992           2         2 Dec. 1968           3         8 Feb. 1972           B         3¼         12 Sep. 1984           3¾         31 July 1991           4¼         6 Aug. 1992           4         16 Nov. 1995           C         4¼         8 May 2001           2         20 Dec. 1967           3         6 Jan. 1975           3½         9 May 2003           C         4         10 Jan. 1994           C         4         19 Sep. 2003           3         28 Nov. 1966

D - Effective November 30, 1993, additional ½% plus ½% rates expired, replaced effective December 1, 1993, by additional 1%.

F — Effective August 31, 2028, additional ½% tax will expire.
 F — Effective May 31, 2005, additional ½% expired.
 G — Effective January 14, 2006, additional ¼% expired.
 H — Effective November 30, 2010, additional 1% tax will expire.

## Sales Tax Rate Table (Tax and Finance Publication 718-A)

Jurisdiction		%	Enacted	Effective
			ties	
Amsterdam	а	1½	15 Mar. 1968	1 Mar. 1969
	ŭ.,		Repeal effectiv	
Auburn	0	2	29 June 1995	1 Mar. 1996
Batavia	a*	1½	14 July 1980	1 Mar. 1981
Datavia	u		Repeal effectiv	
Canandaigua		1	13 July 1965	1 Aug. 1965
Oanandaigua	а	1½	13 July 1967	1 Mar. 1968
	u		Repeal effectiv	
Corning	a*	1½	5 Aug. 1974	1 Dec. 1974
Cortland	a/l	3	12 June 1990	1 Mar. 1991
Contianu	d/1		Repeal effectiv	
Elmira	а	1½	29 Sep. 1971	1 Mar. 1972
EIIIIIa	a	172	Repeal effectiv	
Fulton		2	5 Dec. 1967	1 Mar. 1968
Fullon		3	9 Dec. 1971	1 Mar. 1908
		4	28 Feb. 2003	1 June 2003
	u	4		
Canava		1	Repeal effectiv	
Geneva	_		14 June 1967	1 Sep. 1967
	а	1½	14 June 1967	1 Mar. 1968
	1.4	-	Repeal effectiv	Ĩ
Glen Cove	d/h	1½	9 Oct. 1979	1 Mar. 1980
	i/j	2	28 June 1983	1 Mar. 1984
		—	Repeal effective	/e 1 Mar. 1988
Glens Falls	а	1½	19 June 1968	1 Mar. 1969
Gloversville	a	1½	23 June 1987	1 Mar. 1988
	t	3	12 July 2005	1 Dec. 2005
Hornell	+	1	1 Apr. 1969	1 June 1969
	a*	1½	23 June 1970	1 Mar. 1971
Ithaca	a*	1½	25 June 1969	1 Mar. 1970
Johnstown	t	3	29 June 1987	1 Mar. 1988
Mechanicville	е	2	10 June 1970	1 Sep. 1970
		_	Repeal effectiv	
Mount Vernon		1	23 Feb. 1972	1 June 1972
	d/e	2	27 June 1974	1 Sep. 1974
	q	21/2	28 Aug. 1984	1 Dec. 1984
Newburgh		1	27 Oct. 1986	1 Dec. 1986
		<ul> <li>Repeal effective 1 Mar. 198</li> </ul>		
New Rochelle	d/e	2	4 May 1976	1 Sep. 1976
	m	3	27 July 1993	1 Sep. 1993
New York City		3	22 July 1965	1 Aug. 1965
	d	4	27 June 1974	1 July 1974
		4 1/8	4 June 2003	4 June 2003
	S	4	4 June 2003	1 June 2005
		4½	11 July 2009	1 Aug. 2009

a - City preempted the county tax; within city, county tax rate, exclusive of any additional rate, is 11/2%.

b - County preempted 1%.

c – Within city, the county rate is  $1\frac{1}{2}$ %.

- d Enacted July 11, 1981, effective September 1, 1981, an additional tax of 1/% is imposed in these localities for the benefit of the Metropolitan Commuter Transportation District (MCTD). Enacted April 12, 2005, effective June 1, 2005, the additional tax imposed in these localities for the benefit of the MCTD increased to 3/8%.
- e County preempted ½%. f County preempted 1½%.
- Within city, the county rate is 2%, exclusive of any additional rate. g h
- City preempted the county tax. Within city, the county rate is 2½%. City preempted the county tax. Within city, the county rate is i.
- 2% for the period March 1, 1984, through December 31, 1984.

Jurisdiction		%	Enacted	Effective
Norwich	а	3	27 June 1989	1 Mar. 1990
Ogdensburg	а	1½	13 June 1968	1 Mar. 1969
		—	Repeal effectiv	e 1 Dec. 2000
Olean	a*	1½	23 Apr. 1968	1 Mar. 1969
Oneida		1	13 June 1972	1 Dec. 1972
	а	1½	13 June 1972	1 Mar. 1973
	0	2	20 Apr. 2004	1 June 2004
Oswego		2	27 Nov. 1967	1 Mar. 1968
	р	3	10 Jan. 1972	1 Mar. 1972
	r	4	29 June 2004	1 Sep. 2004
Plattsburgh	е	2	15 July 1965	1 Aug. 1965
		—	Repeal effective	
Poughkeepsie	d	1	7 July 1965	1 Aug. 1965
		2	9 Jan. 1969	1 Mar. 1969
		—	Repeal effective 1 Mar. 1990	
Rome	С	1½	22 Oct. 1980	1 Dec. 1980
		1¾	27 June 1990	1 Sep. 1990
	k*	1½	Additional rate exp	pired 1 Sep. 2000
Salamanca	а*	1½	27 May 1968	1 Mar. 1969
Saratoga Springs		1	3 Feb. 1969	1 June 1969
		2	3 Aug. 1970	1 Dec. 1970
	f	3	28 July 1980	1 Sep. 1980
		—	Repeal effectiv	e 1 June 1985
	С	3	18 Dec. 2001	1 June 2002
Schenectady		3	28 Oct. 1982	1 Mar. 1983
		21/2	5 Dec. 1983	1 Mar. 1984
		_	Repeal effective	e 1 Mar. 1989
Sherrill	g*	1	27 Dec. 1976	1 June 1977
		_	<ul> <li>Repeal effective 1 Sep. 200</li> </ul>	
Troy		1	5 Dec. 1968	1 Mar. 1969
	а	1½	4 June 1970	1 Mar. 1971
		0	27 Oct. 1982	1 Dec. 1982
Utica	а*	1½	8 Apr. 1982	1 June 1982
White Plains	d/e	2	30 Apr. 1973	1 Sep. 1973
		2	28 July 1993	1 Sep. 1993
	n	21⁄4	29 Apr. 2008	1 June 2008
Yonkers		1	30 Dec. 1967	1 June 1968
		2	10 Dec. 1968	1 Mar. 1969
b		3	3 Jan. 1970	1 Mar. 1970

- Effective January 1, 1985, county rate is not subject to preemption. City rate is 11/2% for the period January 1, 1985, to the date of repeal.

- k ¼% expired effective September 1, 2000. Was not subject to preemption by county.
- City preempted the county 1% additional tax. (Effective from September 1, 1992, to the date of repeal; within the city, county tax rate is 2% and city tax rate is 2%.)
   m Additional 1% is not subject to preemption; will expire on December 31, 2011.
- Additional ½% and ¼% rates not subject to preemption; both will expire on August 31, 2011. (City rate is 2¼%

- both will expire on August 31, 2011. (City rate is 2%% through that date.)
   City preempted 2% of the county tax.
   County may not preempt any of the city's tax. City rate is 3%.
   Additional 1% is not subject to preemption.
   County may not preempt any of the city's tax. City rate is 4%. Effective November 30, 2011, additional 1% tax will expire will expire.
- s Effective May 31, 2005, additional 1/8% expired.
- t City preempted county tax. Within city, the county rate is 2%.
- Until repeal, county could not preempt any of the city's tax.
   The city may not preempt any of the additional tax the
- The city may not preempt any of the additional tax the county is presently allowed to impose.

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## Notes

- <sup>1</sup> Tax Law, Section 1210.
- <sup>2</sup> Tax Law, Section 1109.
- <sup>3</sup> Tax Law, Section 1110.
- <sup>4</sup> These data are based on Annual Financial Report filings submitted to the Office of State Comptroller, supplemented with data submitted by New York City.
- <sup>5</sup> This does not include New York City or other non-county local sales taxes.
- <sup>6</sup> Collections data from the New York State Department of Taxation and Finance. These figures vary slightly from the revenue data collected by the Office of State Comptroller.
- <sup>7</sup> Detailed local sales tax collections data is available from the New York State Department of Taxation and Finance beginning in 1990. Detailed sales tax revenue data for all local governments is available from the Office of State Comptroller for 1995 through 2007.
- <sup>8</sup> Although four counties saw significant percentage increases during the period, most of these were due to factors other than robust economic growth. The four counties are all relatively small, so that minor dollar increases in collections can result in large percentage increases.
- <sup>9</sup> Essex County began sharing sales tax revenue with towns on January 1, 2010.
- <sup>10</sup> Counties of Broome, Cattaraugus, Chemung, Chenango, Clinton, Herkimer, Livingston, Niagara, Orleans and Tioga.
- <sup>11</sup> Counties of Chautauqua, Erie, Monroe, Montgomery, Oneida, Onondaga, Ontario, Steuben, and Tompkins.
- <sup>12</sup> Tax Law, Section 1262.
- <sup>13</sup> In any county in which a city has pre-empted a portion of the county sales tax within the city, the county is required by Tax Law, Section 1262(d), to allocate the sales tax revenue received from the additional tax collected in the area outside of the city to the towns and any other cities in the county on the basis of the ratio which the full valuation of real property in each city or town bears to the aggregate full valuation of real property in all cities and towns in such area.
- <sup>14</sup> Office of the State Comptroller, Decision 2007: Counties and the Medicaid Choice. July 2007.
- <sup>15</sup> Binghamton Press and Sun-Bulletin, "Broome alters formula for sharing sales-tax revenue with municipalities," November 23, 2009.
- <sup>16</sup> The Post-Standard, "Onondaga County Legislature appoints committee to review sales tax split," February 2, 2010.
- <sup>17</sup> Tax Law, Section 1262.
- <sup>18</sup> New York State Division of the Budget, 2009-10 New York State Executive Budget -- Economic & Revenue Outlook, page 255.
- <sup>19</sup> The Sales Tax Clearinghouse, http://www.thestc.com/STrates.stm (accessed August 31, 2009); "Using a different methodology, The Tax Foundation ranks New York State 7th in combined state and average local rates (as of September 29, 2009)", "Updated State and Local Option Sales Tax," *Fiscal Fact No. 196, October 2009.*
- <sup>20</sup> Federation of Tax Administrators, State Sales Tax Rates And Food & Drug Exemptions, as of January 1, 2008, http://www.taxadmin.org/fta/rate/sales.pdf. (accessed July 28, 2009).

## Notes

- <sup>21</sup> New York State Department of Taxation and Finance, *Publication 718-C: Local Sales and Use Tax Rates on Clothing and Footwear, Effective September 1, 2009.*
- <sup>22</sup> United States Department of Commerce, U.S. Census Bureau News, "Quarterly Retail E-Commerce Sales: 4th Quarter 2009," February 16, 2010.
- <sup>23</sup> See e.g. Quill Corp. v. North Dakota 504 U.S. 298 (1992) a U.S. Supreme Court case addressing, among other things, whether the requirement in North Dakota that an out-of-state mail-order house, with neither outlets nor sales representatives in the state, must collect and pay a use tax on goods purchased for use in the state violated the commerce clause of the U.S. Constitution.
- <sup>24</sup> Donald Bruce, William F. Fox, and LeAnn Luna, "State and Local Government Sales Tax Revenue Losses from Electronic Commerce," University of Tennessee, April 13, 2009.
- <sup>25</sup> Tax Law, Section 1101(b)(8)(vi).
- <sup>26</sup> See, e.g., Amazon.com, LLC and Amazon Services, LLC v New York State Department of Taxation and Finance, et. al., 877 N.Y.S.2d842 (2009), appeal denied and case transferred to Appellate Division, First Department 12 N.Y.3d827(2009).
- <sup>27</sup> Chapter 873, Laws of 1934.
- <sup>28</sup> Chapter 278, Laws of 1947.
- <sup>29</sup> The high 4.875 percent local rate is for New York City and includes the 0.375 percent Metropolitan Commuter Transportation District tax.
- <sup>30</sup> Long Beach has a Hotel Occupancy and Restaurant Meals Tax. Lockport has an Admissions, Club Dues, Food, Drink, Amusements and Utilities Services Tax. Niagara Falls has an Admissions, Club Dues, Food, Drink, Amusements, Hotel Occupancy Tax and Utilities Services Tax. Newburgh and Port Jervis have Consumer Utility Taxes.
- <sup>31</sup> New York State Department of Taxation and Finance, 2008-2009 New York State Tax Collections: Statistical Summaries and Historical Tables. Table 24. November 2009.
- <sup>32</sup> Additional items exempt from the sales tax may be found at the New York State Department of Taxation and Finance website.
- <sup>33</sup> As of March 1, 2010, Dutchess County ended its exemption for clothing.
- <sup>34</sup> New York State Department of Budget, 2010-11 Executive Budget, Economic and Revenue Outlook, p. 248.
- <sup>35</sup> New York State Department of Taxation and Finance, 2008-2009 New York State Tax Collections: Statistical Summaries and Historical Tables. Table 24.
- <sup>36</sup> New York State Division of the Budget, 2010-11 Executive Budget, Economic and Revenue Outlook, p. 248.
- <sup>37</sup> New York State Department of Taxation and Finance.
- <sup>38</sup> In December and June, the Department also processes a third distribution.

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