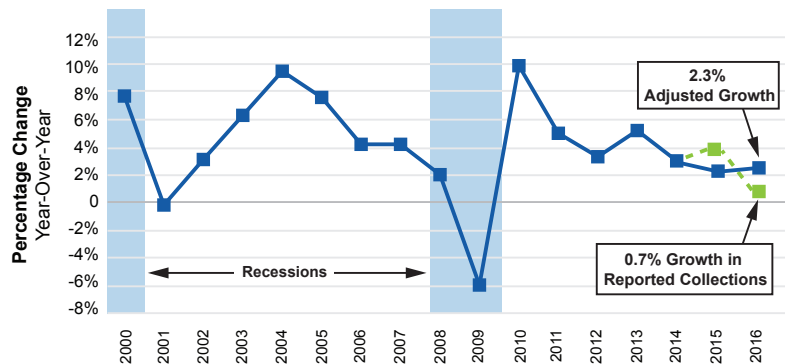


2016 Local Sales Tax Collections

Statewide Picture

While total local sales tax collections in New York State grew by only 0.7 percent in 2016, the modest increase was largely due to a multi-year correction that inflated New York City's 2015 collections.¹ After adjusting for this correction, total local growth was about \$357 million over the prior year, or about 2.3 percent. Since the City's \$7.1 billion in collections accounts for 44 percent of local collections statewide, trends in the City greatly affect the statewide picture.²

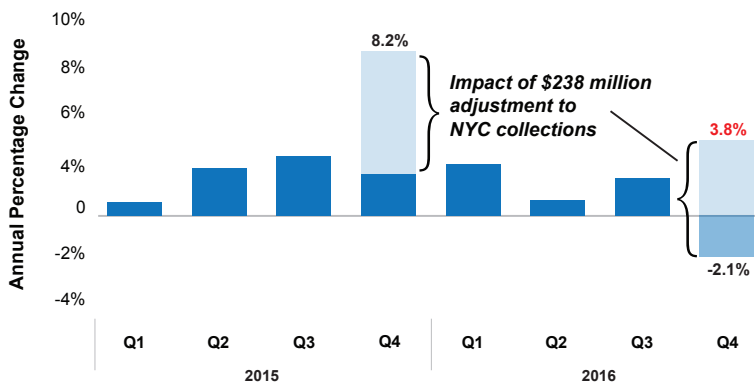


Source: Department of Taxation and Finance; additional calculations by the Office of the New York State Comptroller (OSC). Numbers not adjusted for tax rate or tax law changes. Includes New York City.

FIGURE 1: Local Sales Tax Collections Have Been Slowing for Last Few Years

The 2.3 percent adjusted growth is still slow compared with rates seen in 2010 through 2014, and represents the second year of such slow growth. (See Figure 1.)

Most of the sales tax in New York State is collected on goods rather than services, and given that the prices of goods have been increasing very slowly recently, and in some cases declining, lower inflation over the last two years may explain part of the slowing growth in sales tax collections.³



Source: NYS Department of Taxation and Finance, additional calculations by OSC.

FIGURE 2: Quarterly Growth Has Been Relatively Weak in Last Two Years

Quarterly year-over-year local collections declined by 2.1 percent in the fourth quarter of 2016 compared to the same quarter of 2015. The New York City correction noted above accounts for this decline, just as it inflated the fourth quarter of 2015. (See Figure 2.)

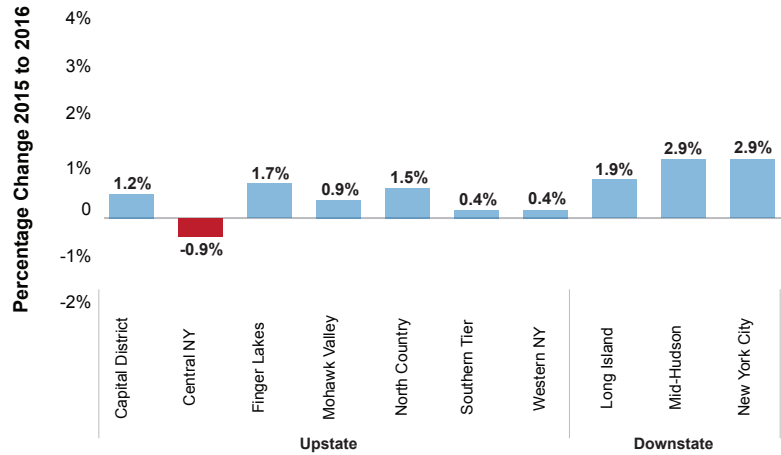
Longer term, some sales tax collections continue to be lost to online retail sales.⁴ The 2017-18 Executive Budget partially addresses this issue with a proposal to collect sales tax from third-party sellers who use online providers such as Amazon and eBay to sell

products to consumers in New York State. If enacted, this proposal will clarify the definition of taxable sales and enhance collections for both the State and local governments.⁵

Regional Picture: Growth Sluggish in Most Parts of the State

Sales tax growth was highest downstate. New York City's adjusted growth was about 2.9 percent.⁶ The Mid-Hudson region's collections also grew by 2.9 percent, and Long Island's by 1.9 percent. Upstate regions were all weaker, some much more so. Collections actually declined by 0.9 percent in the Central New York region. (See Figure 3.)

In general, each region's growth in sales tax collections has been slower than historic trends.⁷ This slowdown, combined with limits on property tax levy growth, could make it more difficult for local governments to keep pace with increases in the costs of local government service.



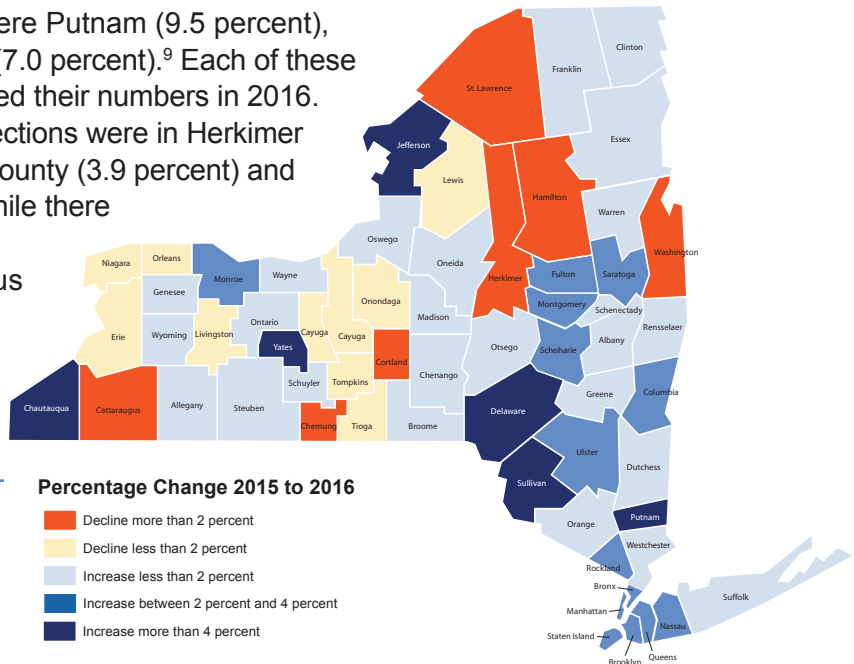
Source: New York State Department of Taxation and Finance.
Note: Includes County and City sales taxes. New York City shown adjusted for 2015 correction.

FIGURE 3: Growth Remains Strongest Downstate

County Sales Tax Collections

In 2016, collections grew in 39 of the 57 counties outside of New York City, compared to 27 in 2015. Two of the counties with the strongest growth were Chautauqua (12.7 percent) and Jefferson (6.0 percent) counties, both of which had sales tax rate increases effective December 1, 2015.⁸

Other counties with strong growth were Putnam (9.5 percent), Sullivan (7.5 percent) and Delaware (7.0 percent).⁹ Each of these had significant corrections that boosted their numbers in 2016. The largest declines in sales tax collections were in Herkimer County (4.9 percent), Cattaraugus County (3.9 percent) and Washington County (3.6 percent). While there were some distribution adjustment impacts in Herkimer and Cattaraugus counties, the Washington County decline appears to be due to a true decline in current collections. (See Figure 4.)



Percentage Change 2015 to 2016

- Decline more than 2 percent
- Decline less than 2 percent
- Increase less than 2 percent
- Increase between 2 percent and 4 percent
- Increase more than 4 percent

Source: Department of Taxation and Finance
Note: Includes County and New York City collections only. New York City growth shown adjusted for 2015 correction.

FIGURE 4: Change in County Sales Tax Collections from 2015 to 2016

City Sales Tax Collections

In 2016, 11 of 18 cities that impose their own general sales tax had an increase in collections. (See Figure 5.) The strongest growth was in the City of Yonkers, 16.6 percent. Yonkers' sales tax rate increased from 4 percent to 4.5 percent effective September 1, 2015. The City of Glens Falls had the second strongest growth, (4.1 percent), aided in part by some distribution adjustments. The largest declines were in the City of Olean (4.3 percent) and the City of Gloversville (4.2 percent). Some of these declines were also due to distribution adjustments.

See the Appendix on page 4 for county and city sales tax collection details.

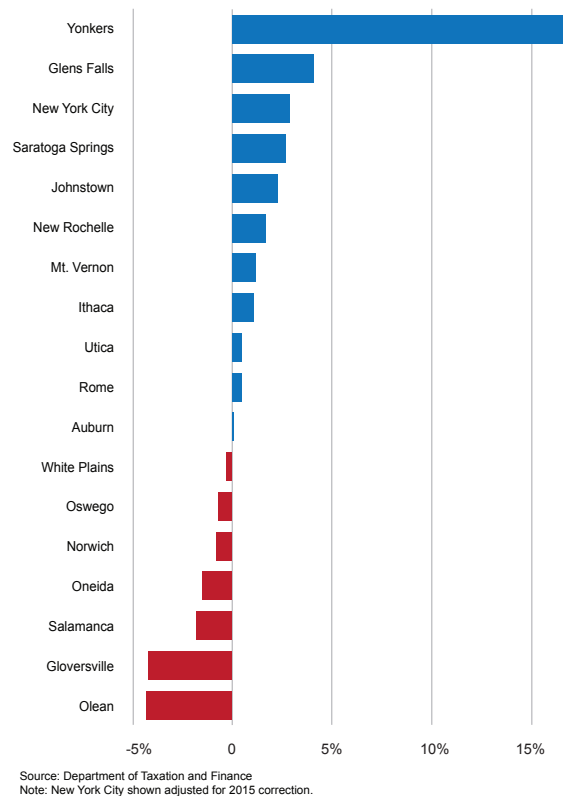


FIGURE 5: Change in City Sales Tax Collections from 2015 to 2016

¹ Sales tax collections data is from the New York State Department of Taxation and Finance. Local sales tax jurisdictions receive payments from the State; some then distribute them to other local governments. In the fourth quarter of 2015, Tax and Finance made a one-time correction that moved \$238 million from the State's account into New York City's account. This retroactively corrected an error that had resulted in the City receiving lower sales tax collection distributions for several years.

² Charts in the report will refer to the amount adjusting for the correction as "adjusted" growth, where shown, compared to the "reported" amounts with the correction. This adjusted growth is just an estimate, since some portion of the 2015 correction would actually belong in 2015; however, we do not have enough data to determine the precise amount.

³ Inflation data from United States Department of Labor, Bureau of Labor Statistics.

⁴ Donald Bruce, William F. Fox and LeAnn Luna, State and Local Government Sales Tax Revenue Losses from Electronic Commerce, April 13, 2009, cber.bus.utk.edu/ecomm/ecom0409.pdf.

⁵ New York State Division of the Budget, FY 2018 Executive Budget Financial Plan, January 2017, p. 35, www.budget.ny.gov/pubs/executive/eBudget1718/financialPlan/FinPlan.pdf.

⁶ Again, the "adjusted" change here is estimated based on removal of the full \$238 million adjustment.

⁷ For example, the compound annual growth in local sales tax collections from 1996 to 2016 was 4.2 percent.

⁸ The Chautauqua County rate increased from 3.5 to 4.0 percent, and the Jefferson County rate increased from 3.75 to 4.0 percent.

⁹ Collection corrections, often referred to as distribution adjustments are made when later returns, adjusted returns and other technical adjustments are made that may cause distributions for prior or later periods to change. These adjustments are made on a continuous basis affecting current distributions, but are not related to current economic activity.

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

County	2015	2016	Year-Over-Year Percentage Change	City	2015	2016	Year-Over-Year Percentage Change
Albany	\$255,397,754	\$257,584,455	0.9%	Auburn	\$8,518,188	\$8,530,043	0.1%
Allegany	19,240,307	19,260,103	0.1%	Glens Falls	2,867,523	2,986,225	4.1%
Broome	119,403,115	121,136,385	1.5%	Gloversville	3,437,094	3,291,642	-4.2%
Cattaraugus	36,596,490	35,172,742	-3.9%	Ithaca	10,644,299	10,762,471	1.1%
Cayuga	34,258,830	33,883,827	-1.1%	Johnstown	3,637,192	3,719,838	2.3%
Chautauqua	54,721,222	61,678,462	12.7%	Mt. Vernon	18,477,626	18,697,560	1.2%
Chemung	56,778,592	55,276,035	-2.6%	New York City*	7,140,084,768	7,105,349,244	-0.5%
Chenango	20,793,364	21,077,374	1.4%	New Rochelle	27,512,457	27,979,702	1.7%
Clinton	51,155,556	51,372,012	0.4%	Norwich	1,539,710	1,528,044	-0.8%
Columbia	35,731,051	37,056,951	3.7%	Olean	4,311,146	4,124,726	-4.3%
Cortland	28,130,709	27,354,925	-2.8%	Oneida	4,523,402	4,457,691	-1.5%
Delaware	20,350,464	21,766,273	7.0%	Oswego	13,155,515	13,060,909	-0.7%
Dutchess	175,534,822	178,056,624	1.4%	Rome	6,997,546	7,029,492	0.5%
Erie	741,699,281	740,553,552	-0.2%	Salamanca	595,033	584,335	-1.8%
Essex	27,662,963	28,106,943	1.6%	Saratoga Springs	11,617,449	11,934,887	2.7%
Franklin	21,094,618	21,287,199	0.9%	Utica	9,626,120	9,670,920	0.5%
Fulton	19,498,239	19,942,902	2.3%	White Plains	50,403,461	50,255,787	-0.3%
Genesee	37,947,723	37,040,250	-2.4%	Yonkers	76,104,769	88,725,641	16.6%
Greene	29,639,490	30,096,608	1.5%	City Total	\$7,394,053,296	\$7,372,689,157	-0.3%
Hamilton	3,724,091	3,594,006	-3.5%	Other Local	1,044,373,545	1,080,044,274	3.4%
Herkimer	30,855,233	29,354,954	-4.9%	Total Local	\$15,856,775,852	\$15,975,633,575	0.7%
Jefferson	69,466,065	73,630,440	6.0%				
Lewis	11,607,853	11,409,236	-1.7%				
Livingston	30,414,967	30,167,806	-0.8%				
Madison	25,809,810	26,128,954	1.2%				
Monroe	456,451,097	469,090,254	2.8%				
Montgomery	27,211,536	27,806,149	2.2%				
Nassau	1,105,068,853	1,128,090,482	2.1%				
Niagara	117,485,897	116,399,679	-0.9%				
Oneida	129,854,010	132,157,217	1.8%				
Onondaga	336,336,787	332,687,294	-1.1%				
Ontario	78,808,511	79,142,082	0.4%				
Orange	263,555,675	265,990,693	0.9%				
Orleans	15,469,950	15,287,529	-1.2%				
Oswego	41,005,562	41,139,237	0.3%				
Otsego	35,377,890	35,974,103	1.7%				
Putnam	53,953,400	59,055,083	9.5%				
Rensselaer	79,314,091	80,450,326	1.4%				
Rockland	197,839,378	205,084,409	3.7%				
St. Lawrence	54,940,283	53,702,360	-2.3%				
Saratoga	114,270,235	116,962,671	2.4%				
Schenectady	94,225,420	94,296,356	0.1%				
Schoharie	14,104,674	14,637,915	3.8%				
Schuyler	10,262,786	10,322,743	0.6%				
Seneca	23,347,145	23,210,684	-0.6%				
Steuben	51,482,880	51,927,644	0.9%				
Suffolk	1,309,741,103	1,333,699,820	1.8%				
Sullivan	36,444,965	39,168,925	7.5%				
Tioga	19,549,030	19,409,433	-0.7%				
Tompkins	48,706,344	48,257,267	-0.9%				
Ulster	107,770,020	111,489,263	3.5%				
Warren	50,124,221	51,024,413	1.8%				
Washington	19,964,841	19,246,145	-3.6%				
Wayne	41,117,201	41,142,230	0.1%				
Westchester	499,527,981	505,878,100	1.3%				
Wyoming	16,591,138	16,695,292	0.6%				
Yates	10,933,499	11,485,328	5.0%				
County Total	\$7,418,349,011	\$7,522,900,143	1.4%				

* New York City shown as reported, not adjusted for 2015 correction.

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