“Cash for Clunkers” Helps, but New York Local Sales Tax Collections Still Declining

- Overall, county sales tax collections (excluding New York City) continued to fall during the third quarter of 2009 (July-September), declining by 7.9 percent, although collections at New York’s automobile dealerships actually increased compared to the same quarter in 2008, suggesting that the Car Allowance Rebate System (also called “Cash for Clunkers”) moderated the decline.¹

- County sales tax collections from auto dealerships (excluding New York City) increased by $17.1 million during the third quarter of 2009 over the same quarter in 2008. This was an increase of about 10.4 percent above the same quarter in 2008.

- If sales tax collections from auto dealers had declined at the same rate as other sales tax collections, the decline in total county sales tax collections would have been 9.8 percent.

- Total sales tax collections have been declining faster in New York City than in the rest of the State, decreasing by 11 percent for the third quarter compared to the year before.

- Every region of the State had increased sales tax collections from auto dealers. The largest increase was 15 percent in the Capital District.

- Auto dealership sales tax collections in New York City increased by $1.4 million (3.6 percent) in the third quarter.

¹ Preliminary data from the New York State Department of Taxation and Finance, Office of Tax Policy Analysis, Sales Tax Cash Distributions Database. This data is subject to revision.
Year-To-Date

- For the first three quarters of 2009, total county sales tax distributions (excluding New York City) have now declined by 7.2 percent, or $365 million, compared to the same period the year before.

- Sales tax collections have declined in all regions of the State. The steepest decline – 10.1 percent – was in the Lower Hudson region.

- Total sales tax collections for New York City declined by 11.4 percent for the first three quarters.

- Fifty of 57 counties had a decline in sales tax collections for the nine-month period, January through September, in 2009 as compared to the same period in 2008.

- Putnam, Westchester and Delaware counties, as well as New York City, experienced double-digit declines.

- About half of the growth seen in Seneca and Hamilton counties was from new retail locations. Most of the rest of the growth in Hamilton, Seneca, Schuyler and Tioga counties was due to late payments and other technical adjustments. Oneida County increased its sales tax by 0.375 percent effective September 1st.

- The last quarter of the calendar year is always very important for retail sales, so sales tax collections will be closely watched for any signs of further decline.