Local sales tax collections grew by $650 million, or 5.0 percent from 2010 to 2011, compared to a growth rate of 9.9 percent between 2009 and 2010. However, nearly a third of the 2010 growth was attributable to a sales tax rate increase in New York City. Without the effects of this rate increase, growth in 2010 would have been about 7 percent.

New York City sales tax collections grew by $328 million, or 6.1 percent in 2011, compared to 2010 when collections grew by 17.4 percent. However, the growth in 2010 was due to the increase in the City’s tax rate and the elimination of the exemption on clothing and footwear over $110. Adjusting for the rate change, growth in 2010 would have been about 10 percent compared to the 6.1 percent growth in 2011.

Outside New York City, county sales tax collections grew from $6.52 billion in 2010 to $6.79 billion in 2011, a 4.1 percent increase, compared to a growth of 4.7 percent the previous year. Over the past two years, county sales tax collections have regained the losses sustained after a nearly 6 percent decline in 2009. In 2011, county sales tax collections were $166 million (2.5 percent) higher than their pre-recession level in 2008.
For the second consecutive year, county sales tax collections increased in all four quarters in 2011 over comparable periods in 2010. Growth was strongest in the fourth quarter of 2011 – collections during this period grew by 6 percent over the same quarter of 2010.

Every region in the state benefited from higher sales tax collections in 2011 compared to 2010. The strongest growth was in the Southern Tier, with an 8.6 percent increase; the weakest was on Long Island, with a 2.4 percent increase. The 8.6 percent growth in the Southern Tier in part reflects the fallout from Tropical Storm Lee, which caused severe flooding damage forcing many residents to purchase additional goods and services.

Sales tax collections declined in only two counties - Cattaraugus (1.7 percent) and Chautauqua (2.9 percent). Chautauqua County reduced its tax rate from 3.75 percent to 3.5 percent in 2011. The strongest growth – 19 percent - was in Schuyler County, where collections were boosted by technical adjustments and purchases related to a concert festival and the effects of the tropical storm.

Source: Department of Taxation and Finance, Office of Tax Policy Analysis, Sales Tax Cash Distribution Database; additional calculations by the Office of the State Comptroller. Numbers in graphs not adjusted for tax rate or other tax law changes.