

# Local Government Snapshot



NEW YORK STATE OFFICE OF THE STATE COMPTROLLER

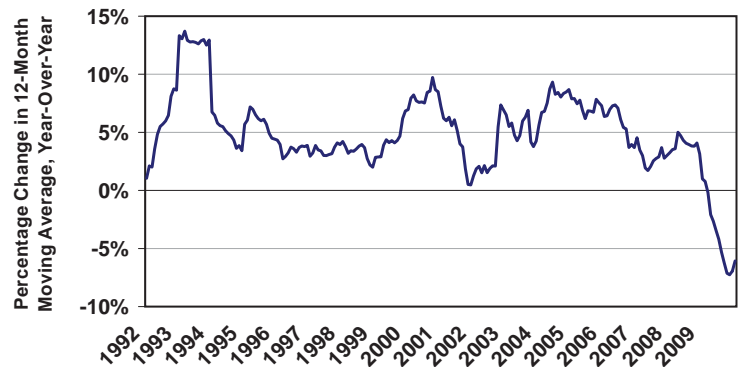
Thomas P. DiNapoli • State Comptroller

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## County Sales Tax: 2009 Collections and Implications for 2010

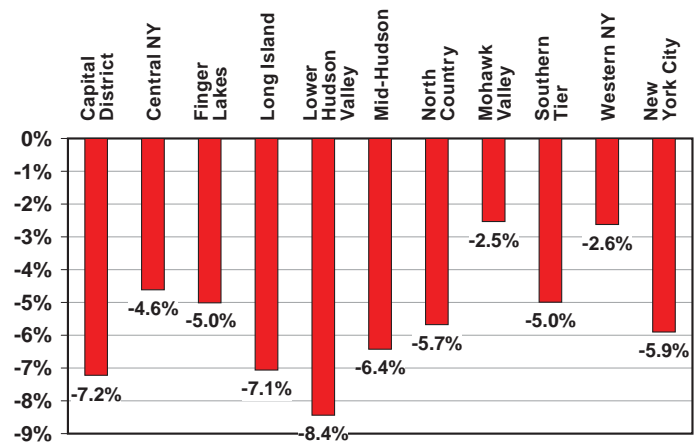
- County sales tax collections (not including New York City) declined by 5.9 percent in 2009 compared to 2008. Fifty-three of 57 counties had sales tax declines. Most of the growth seen in Seneca, Schuyler and Chautauqua counties was due to late payments and other technical adjustments.
- 45 of 57 counties distributed a portion of their sales tax to local jurisdictions within their borders in 2009. Additionally, 19 cities pre-empt a portion of the sales tax. Therefore most local governments, not just counties, were affected by the decline in collections.
- New York City's sales tax collections also declined by 5.9 percent from 2008 to 2009.
- Unlike other recent downturns, 2009 was the first time in recent history that there was actually a decline in county sales tax collections – a sign of the severity of the recent recession. The sales tax decline in 2009 was one of the worst on record.
- Every region of the State experienced a decline in sales tax collections in 2009 as compared to 2008. The largest decline was in the Lower Hudson Valley (8.4 percent).
- While the rate of decline slowed in the last quarter of 2009, this was a comparison against a very weak 2008 period. The decline between the fourth quarter of 2007 and the fourth quarter of 2009 reflected a cash decline of 8.5 percent.

Change in County Sales Tax Collections 1992 to 2009

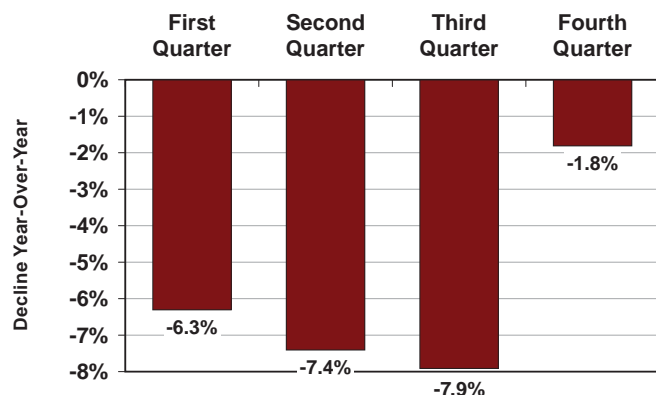


Source: Department of Taxation and Finance, Office of Tax Policy Analysis, Sales Tax Cash Distribution Database; Additional calculations by Office of the State Comptroller. Numbers not adjusted for tax rate or tax law changes.

Sales Tax Collections by Region (County and NYC) Change 2008 to 2009



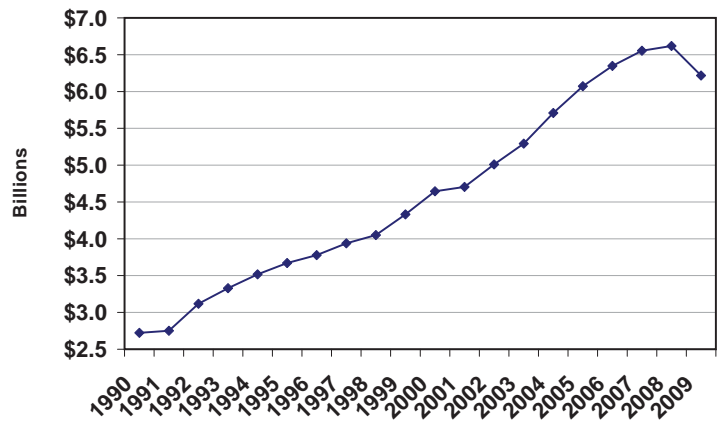
Quarterly Year-Over-Year Decline 2008 to 2009



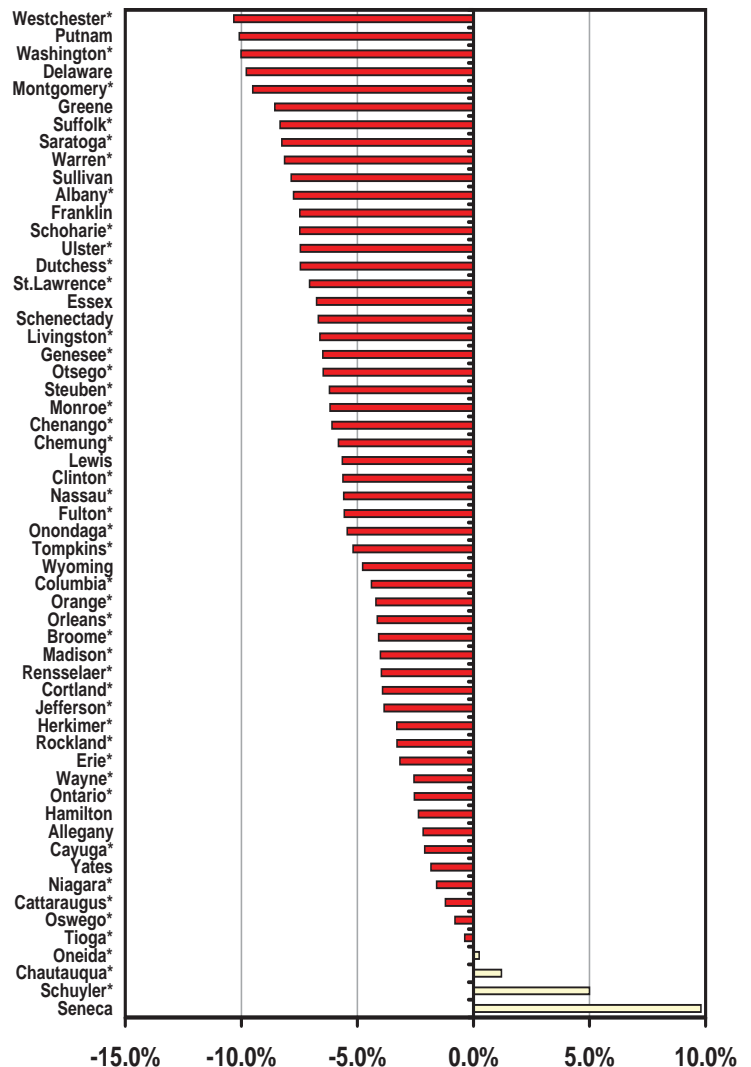
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- Setting aside changes in any one county's sales tax rate or tax base, tax collections are largely a function of sales activity driven by economic factors such as personal income and employment. Both of these factors are expected to remain weak in 2010.
- According to the Division of the Budget, the decline in the New York's sales tax base (i.e. the value of all goods and services subject to the sales tax) was much more severe than in previous recessions. In 2009-10, the sales tax base actually shrank by 7.1 percent. Retail trade and services account for roughly 65 percent of the sales tax base.
- Gross county sales tax collections were \$6.2 billion in 2009, a decline of \$400 million from the \$6.6 billion collected in 2008. In order to regain this level, sales tax revenues would have to grow by 6.3 percent in 2010.
- The New York State Executive Budget forecasts 3.7 percent growth in State sales tax collections for State fiscal year 2010-11.
- According to preliminary information provided by the New York State Association of Counties, most counties prudently budgeted little or no growth in their sales tax revenues for 2010.
- All local governments – including cities, towns and villages who receive sales tax distributions from their counties - need to review their 2010 sales tax projections based upon the weak results from 2009 and adjust their budgets accordingly.

County Sales Tax Collections 1990-2009



Sales Tax Collections by County, 2008 vs. 2009



\* Counties that share sales tax revenues with local governments.  
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.