

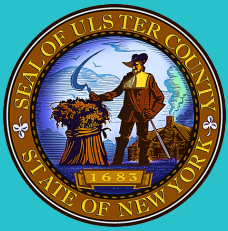


# **ULSTER COUNTY ADULT USE CANNABIS TAX COLLECTIONS REPORT**

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**Office of the  
Ulster County Comptroller  
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# ULSTER COUNTY OFFICE OF THE COMPTROLLER

## Ulster County Adult Use Cannabis Tax Collections Report

comptroller.ulstercountyny.gov

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### What You Need to Know

In 2021, New York State passed the Marihuana Regulation and Taxation Act (MRTA), which legalized adult-use cannabis and created a framework for taxing and regulating its sale. Under this law, a 4% excise tax is applied to retail cannabis sales. Of that 4%, 25% goes to the County where the sale occurred, and 75% must be distributed to the towns, villages, or cities that host the dispensaries. Ulster County has seen this industry grow tremendously with sales now reaching over \$2.2 million per month.

Ulster County began receiving these tax payments in January 2024. As of the date of this report, the County has received over \$615,000 in total cannabis tax revenue, keeping nearly \$154,000 for County use and distributing the rest to local municipalities.

While this is a promising new source of income, especially for local governments that chose to allow cannabis sales, there have been challenges. The County missed its first payment deadline due to a lack of adequate warning and preparation of local officials from the State. In some periods, the State changed sales figures after payments were already made, requiring corrections.

This report includes recommendations to both the State and the County's own finance department. It emphasizes the need for better communication and consistent, logical accounting practices.

### A New County Revenue

On January 29, 2024, Ulster County received its first payment of adult use cannabis (AUC) tax from the Office of the New York State Comptroller (OSC) and has subsequently received seven additional payments. Under New York State Law, 25% of these payments are retained by the County as revenue. As of the date of this report, the County has received \$615,471.90 in total payments and earned \$153,867.99 in total AUC tax revenue.

### A New County Requirement to Distribute Municipal Cannabis Revenue

When AUC tax payments are received by the County, 75% of the total payment is required to be distributed to local municipalities (town, village or city) that host retail adult use cannabis dispensaries. The County is required to make this distribution to the local municipalities within thirty days of receipt of the payment. Four days before the first payment was received, on January 25, 2024, the New York State Office of Cannabis Management (OCM) provided the County with sales information by municipality. The County is required to use this information to calculate the proportion of AUC tax revenue due to each municipality.

The chart below shows the total sales as reported to the County by OCM, Amounts wired to the County by OSC, and the required total payments to the local municipalities.

Deposit Date	Sales Period	Total Sales Per OCM	Amount Wired to County	County Revenue	Due to Other Governments
N/A	6/1/23-8/31/23	260,460.66	-	-	-
1/29/2024	9/1/23-11/30/23	647,905.56	41,996.08	10,499.02	31,497.06
4/30/2024	12/1/23-2/28/24	562,963.36	25,693.56	6,423.39	19,270.17
7/31/2024	3/1/24-5/31/24	704,749.59	25,905.42	6,476.36	19,429.07
10/24/2024	6/1/24-8/31/24	2,068,312.81	86,851.51	21,712.88	65,138.63
1/30/2025	9/1/24-11/30/24	3,930,090.22	147,264.90	36,816.23	110,448.68
4/21/2025	12/1/24-2/28/25	5,733,720.66	96,760.12	24,190.03	72,570.09
5/28/2025	4/1/25-4/30/25	2,261,181.47	190,987.85	47,746.96	143,240.89
6/27/2025	Unclear	Unclear	12.46	3.12	9.35
	Total	16,169,384.33	615,471.90	153,867.99	461,603.94



It is important to note that OCM caveats each payment to the County by noting that reported sales do not represent tax payments made by licensees. We take this to mean that the payment to the County may not be exactly 4% of the total sales due to potential tax filing errors and corrections. That said, we believe the payment should be close to 4%.

**Issues with the First Payment**

The County made the first payment of AUC tax revenue to the municipalities on April 4, 2024, thirty-six days past the deadline. After this initial missed deadline, the County has been timely in remitting payment to the local municipalities, to the extent that information necessary to meet this deadline has been made available by OCM.

The Village of New Paltz hosted a grower’s showcase to sell AUC during the period from June 1, 2023, to August 31, 2023, when no other location in the County had such sales. Based on our correspondence with State agencies so far, it is unclear to the County if the tax collected for sales made from the New Paltz grower’s showcase during the period from June 1, 2023, to August 31, 2023, was remitted to the County on January 29, 2024, or not. If this payment was for these sales as well as the sales from September 1, 2023, through November 30, 2023, then the County will need to make payments to the Town and Village of New Paltz in the amount of \$937.07 each. The County would need to claw back \$1,197.29 from the City of Kingston, \$45.23 from the Town of Hurley, and \$631.62 from the Town of Rosendale.

**An Incorrect Payment Distribution**

The County received its second payment of AUC tax on April 30, 2024, for sales made during the quarter from December 1, 2023, to February 28, 2024. When the County Department of Finance distributed the amount owed to the local municipalities on May 30, 2024, staff unintentionally used the sales allocation percentages from the first distribution.

Correction was made with the subsequent August 30, 2024, payment to the Towns, apart from the Town of Rosendale. Rosendale had received a payment of \$1,368.18 with the May distribution for the December 1, 2023 to February 28, 2024 period, but the Town was not owed anything in May or in August according to OCM sales data. The Town of Rosendale hosted a grower’s showcase in December of 2023 but did not have a fully operational dispensary until August of 2024. On August 27, 2024, Ulster County sent the Town of Rosendale an invoice for \$1,368.18 to recover the erroneous payment. The Town never paid the invoice, and the County ultimately recovered the \$1,368.18 from the Town by withholding it from the AUC tax payment distribution made on May 8, 2025, a period when the Town had a dispensary operating and was owed AUC tax.

**Inaccurate Sales Data from the State**

On January 27, 2025, OCM reported to the County that sales from September 1, 2024, to November 30, 2024, were as follows:

Town and Village of New Paltz:	\$1,924,777.42
Town of Rosendale:	\$338,667.56
Town of Ulster:	\$1,372,418.28
Total:	\$3,635,863.26

The Ulster County Comptroller inquired with OCM one day later about the lack of sales data for the Town of Marbletown and the City of Kingston, as she was aware of the existence of AUC dispensaries in both municipalities. The County received revised sales data from OCM on March 24, 2025, as follows:

Town and Village of New Paltz:	\$1,926,867.42
Town of Rosendale:	\$338,667.56
Town of Ulster:	\$815,740.14
Town of Marbletown:	\$246,516.00
City of Kingston:	\$602,299.10
Total:	\$3,930,090.22

No explanation was provided to the County as to why the total sales had increased \$294,226.96. The County had already disbursed tax to the local municipalities based on the original sales data, and therefore correction was required, and made, with the May 8, 2025, payment.

## Unclear Communications from OCM and Unusual Payment Amounts from OSC

On April 21, 2025, the County received a payment in the amount of \$96,760.12 from OSC for tax collected on sales made during the period from December 1, 2024, through February 28, 2025. On April 29, 2025, the County received sales data from OCM that showed \$5,733,720.66 in total sales during the period, an increase of \$1,803,630.44 from the prior AUC tax quarter. Despite this increase in reported sales from OCM, the payment that the County received had decreased by \$50,504.78. The County Comptroller notified the County Commissioner of Finance of this, and she reached out to State agencies about it. The issue remains unresolved to our knowledge.

After inquiring about the April payment, the County received a payment of \$190,987.85 on May 28, 2025. Sales data for this payment did not come to the County from OCM until July 14, 2025, making compliance with the deadline impossible. Further, the sales data that was provided was for the month of April. The last sales data that the County received was for the tax quarter from 12/1/24 – 2/28/25. This leads us to ask several questions, such as where is the March sales data, and has OCM shifted the County to a monthly payment from a quarterly payment?

On June 27, 2025, the County received a payment in the amount of \$12.46 from OSC for AUC tax collections. It did not seem practical to do anything with this payment other than include it with the \$190,987.85 received on May 28, 2025, and distribute using the sales data from April. On July 17, 2025, the County wrote checks to the local municipalities to distribute 75% of these two payments. Below is a chart showing all of the AUC tax payments that the County has made to the local municipalities of Ulster County.

Local Municipality Distributions											
Check Date	New Paltz (Town)	New Paltz (Village)	Kingston City	Hurley	Rosendale	Gardiner	Ulster	Marbletown	Woodstock	Ellenville	Wawarsing
4/4/2024	12,472.84	12,472.83	4,189.11	125.99	2,236.29	-	-	-	-	-	-
5/30/2024	7,630.99	7,630.99	2,562.93	77.08	1,368.18	-	-	-	-	-	-
8/30/2024	5,369.83	5,369.83	6,329.54	42.63	-	3,685.43	-	-	-	-	-
11/21/2024	32,211.32	32,211.32	-	-	715.98	-	-	-	-	-	-
2/13/2025	29,235.03	29,235.03	-	-	10,287.90	-	41,690.73	-	-	-	-
5/8/2025	7,310.43	7,310.43	32,727.47	-	650.21	-	9,221.48	12,308.06	-	836.91	836.91
7/17/2025	14,479.33	14,479.33	32,063.54	-	2,499.32	-	58,611.76	8,843.36	1,207.96	5,532.82	5,532.82
Total	108,709.77	108,709.76	77,872.59	245.70	17,757.88	3,685.43	109,523.97	21,151.42	1,207.96	6,369.73	6,369.73

## Recommendations to the State Office of Cannabis Management

### 1. Improve Communication with Counties

We recommend that OCM work with the State Department of Tax and Finance (Tax Department) and OSC to develop a system to clearly and timely communicate relevant information to New York State counties. Some of the issues highlighted above in this report could have been mitigated by better communication from OCM with Ulster County officials. When a payment goes out to a county from OSC, OCM should be aware of it and should have already communicated the relevant sales data to the county, so that accurate payments can be made to the local municipalities. When payments are made outside of the ordinary quarterly payment schedule, the state departments must work together to clearly communicate to the Counties what sales period those payments are for.

### 2. Make Information Public

On Thursday, July 17, 2025, OCM communicated to the Ulster County Comptroller that the agency's position is that: "The total reported aggregate of cannabis sales per municipality as communicated to you by OCM are not subject to Tax [sic] secrecy laws." As such, we are recommending that OCM work with the New York State Department of Tax and Finance and OSC to regularly make the cannabis sales by municipality and payments to counties public, as the Tax Department already does for sales tax. See this link for an example of what the Tax Department already does with respect to sales tax data:

[https://www.tax.ny.gov/research/stats/statistics/sales\\_tax/government/as001.htm](https://www.tax.ny.gov/research/stats/statistics/sales_tax/government/as001.htm)



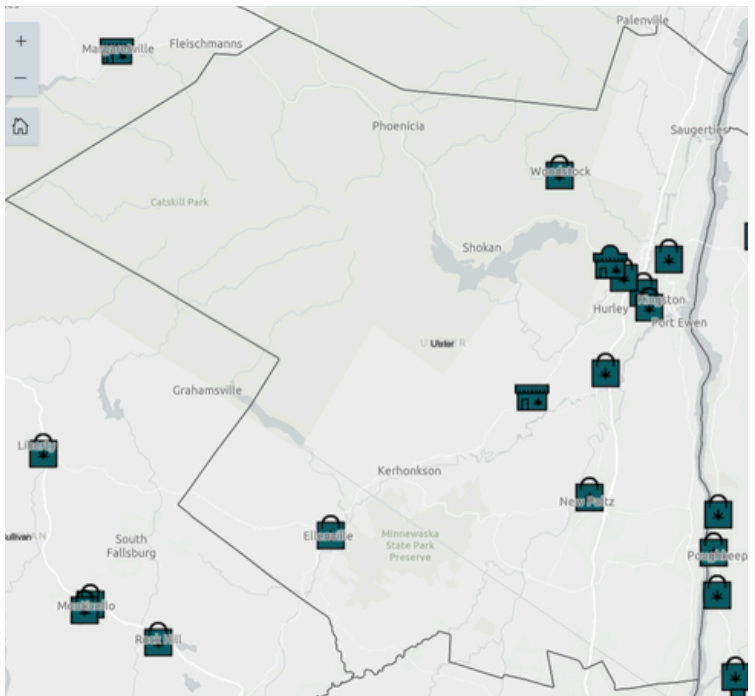
## Recommendations to the Ulster County Department of Finance

We recommend that the Ulster County Department of Finance change the way that AUC tax payments are recorded in the County's general ledger. As of July 22, 2025, the County's general ledger shows that in 2025, the County has earned \$215,190.34, or 166% of the County's budget for this revenue line. In reality, the County has earned \$71,940.10, or 55% of the amount budgeted for 2025. The reason for this difference is that the \$143,250.24 owed to the local municipalities is currently included in the revenue line. We understand that when the journal entry to record the 7/17/25 payment to the towns is posted to the County's general ledger, this issue will be corrected. We believe that this recommendation is necessary so that County officials will have access to accurate information on a timely basis.

Current OSC guidance to New York State counties has been that only the county portion of revenue should be recorded when the deposit is made. What we recommend is that the County create a single new liability account to record the amounts payable to the local municipalities, labeled "Due to Other Governments AUC Tax" and record 75% of all future AUC tax deposits to this account. Only the County's 25% share should be recorded to the revenue line. When distributions are made to the local municipalities, the liability balance will be cleared out in full.

## Conclusion

This new industry is growing rapidly in Ulster County. We are happy to see new jobs being created locally and a new source of revenue for local governments. While the tax generated is not a significant revenue stream for the County, it has the potential to very quickly become significant to the towns and villages situated within Ulster County that have allowed dispensaries to open. Accordingly, it is imperative that the three state agencies provide the necessary information to enable the County to accept, record, and distribute these funds correctly.



Source: <https://experience.arcgis.com/experience/f26c9264d6f6473ca8dff70f238b7756/>