



ULSTER COUNTY OFFICE OF THE COMPTROLLER

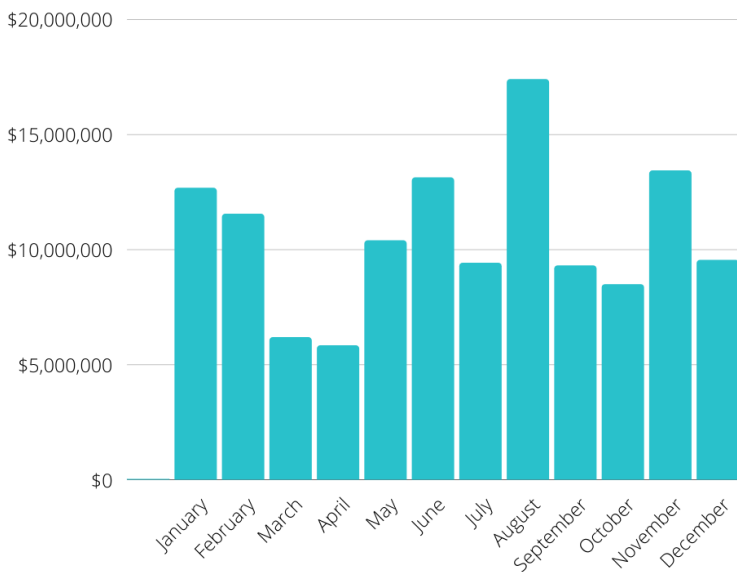
2020 SALES TAX REPORT

comptroller.ulstercountyny.gov

Released February 2021

Ulster County sales tax revenue is typically around 37% of the total County budget. During the 2015 through 2019 period, actual sales tax revenues consistently exceeded budgeted revenues. Thus, sales tax was considered a reliable revenue source. The pandemic has altered this thinking as the County experienced significant fluctuations in 2020, especially during the sharp drop for March and April. Even with the pandemic impacts, Ulster County received \$127,282,741* in 2020 sales tax revenue which came within 1% (\$1.28 million) of the \$128,561,423 budgeted.

Ulster County Sales Tax Receipts by Month

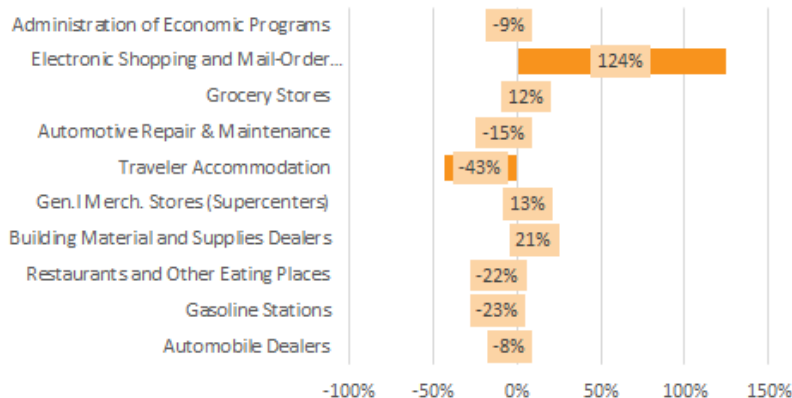


The pandemic downturn and rebound has impacted various industries differently. Some businesses did better in the pandemic (building materials, general merchandisers, liquor stores) and some did worse (accommodations, restaurants, gas sales).

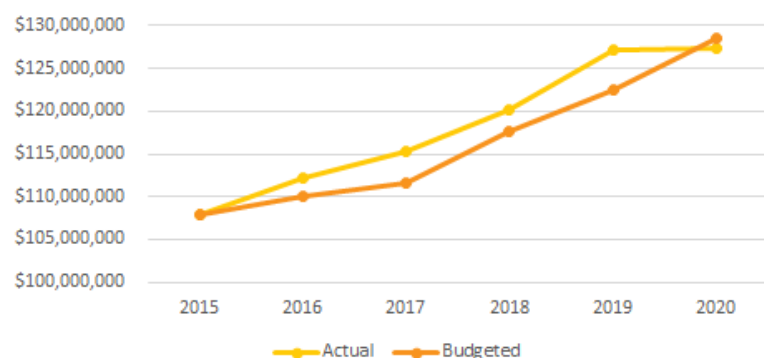
Electronic Shopping was way up (124%) comparing the first three sales tax quarters of 2020 to 2019. This is both related to pandemic online shopping and to the July 2019 change to the Marketplace Provider Tax. Even before the pandemic, annual Electronic Shopping taxable sales were up 76% (comparing the 2018-2019 sales tax year to the 2019-2020 sales tax year) with the change in the law.

Given the uncertainty and lack of stability around sales tax revenues, the Ulster County 2021 budget calls for a very conservative \$120.6 million in sales tax revenue, or \$8 million less than budgeted for 2020. Ulster County 2020 actual sales tax revenues exceeded 2019 actual revenues by \$186,384. The Ulster County Comptroller's Office now estimates that actual 2021 sales tax revenues will exceed this conservative budgeted revenue, so long as the state does not significantly increase sales tax diversions.

Taxable Sales March-November 2019 to 2020



Budgeted to Actual Sales Tax Revenue 2015-2020



The Governor's 2021-2022 budget proposed collecting sales tax directly from short-term lodging platforms through the Marketplace Provider Tax so we may soon see sales tax for these short-term rentals collected directly at purchase rather than through taxpayer filing which could result in another increase.

Sales tax is collected by the state and distributed to the County in two to three payments a month, about two months following the collection. The state sales tax year does not match either the state or county fiscal year.

Type of Year	Start Date	End Date
Sales Tax	March 1	February 28
New York State Fiscal Year	April 1	March 31
Ulster County	January 1	December 31

Filers have different sales tax payment deadlines (monthly, quarterly, annually) depending on their size. Year - over - year monthly comparisons are difficult not only because of varying years and filing deadlines but also because the state has now implemented diversions that impact receipts in specific months.

The state began AIM-Related (Aid and Incentives for Municipalities) diversions from county sales tax payments in December 2019. AIM-related funding provides state aid to all of New York State's 61 cities (other than New York City), and 137 towns and villages. AIM was funded at \$656 million in the NYS 2020-2021 budget and partially offset by AIM-related diversions from the counties for those municipalities that qualify (municipalities for whom AIM is more than 2% of budget).

In addition to AIM diversions, distressed provider assistance diversions began in 2020 with the start of the pandemic. The state has not provided a definition for distressed provider, nor have they provided specifics on how these funds will be distributed. Total 2020 diversions reduced Ulster County sales tax receipts by \$1.52 million, and another \$1.53 million is slated for diversion in 2021. Proposed distressed provider assistance diversions total \$1.50 million over the 2020-2021 period.

Sales Tax Diversions	2019	2020	2021
AIM-Related Diversions	\$ (638,160.00)	\$ (775,011)	\$ (775,011)
Distressed Provider Diversions	\$ -	\$ (744,543)	\$ (753,220)
Total Sales Tax Diversions	\$ (638,160)	\$ (1,519,554)	\$ (1,528,231)

New York State received CARES Act support for healthcare and hospitals during the pandemic. Health Alliance of the Hudson Valley, a division of Westchester Medical, has eliminated inpatient mental health, detox services, as well as audiology since the beginning of the pandemic. Some Ulster County residents must now drive an hour and half for these services. Distressed provider assistance diversions must be transparent and should be allocated to providers who cannot provide critical services.

Regardless of the transparency or equity issues surrounding the use of these funds, Ulster County must prepare for the future. Diversions may be used by the state for various programs going forward. Ulster County currently does not record these diversions separately in our financial system. While email guidance from the Office of State Comptroller implies recording only the net receipts is sufficient, we recommend accounting for diversions to assist revenue forecasting and to daylight state cost-shifting to the county.

*All sales tax revenues presented exclude interest earned

\$186K

More in 2020 sales tax compared to 2019

124%

Increase in internet sales

\$1.52M

In 2020 AIM-related and distressed provider assistance diversions

\$1.50M

in distressed provider assistance diversions over a two year period 2020-2021