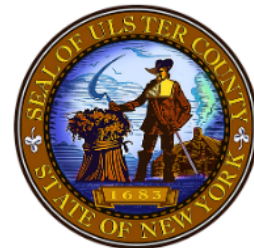




# **ULSTER COUNTY COMPTROLLER'S 2021 MID YEAR SALES TAX REPORT**

---

**Office of the  
Ulster County Comptroller  
March S. Gallagher**





# ULSTER COUNTY OFFICE OF THE COMPTROLLER

## 2021 MID YEAR SALES TAX REPORT

comptroller.ulstercountyny.gov

Released August 2021

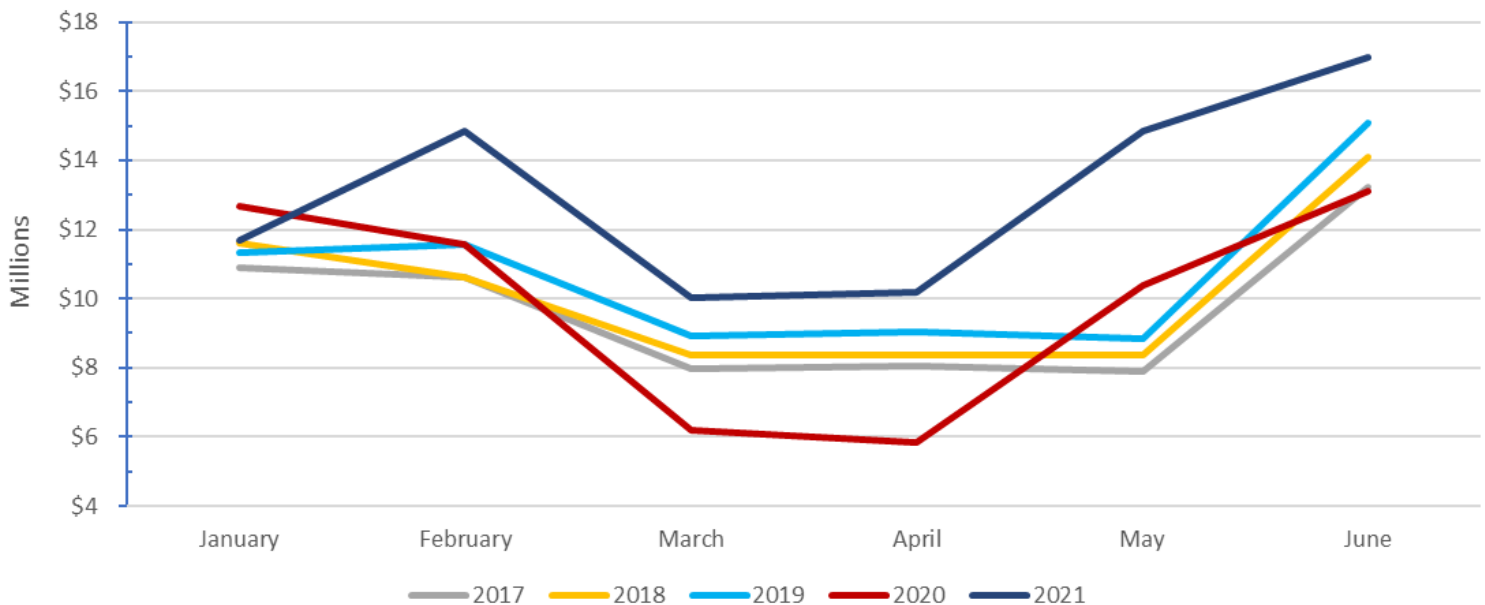
Sales Tax collections in 2021 have shown record breaking growth in this revenue source for the County and the municipalities that rely on this revenue as a vital source of funding. Mid-year collections have shown a 32% increase when compared to 2020 figures, a growth rate that more than surpasses the effects of the pandemic on this revenue source. Should current trends continue, the County will see a significant windfall in these revenues in the current year.

### 6 Month Sales Tax Results

Month	2015	2016	2017	2018	2019	2020	2021
January	\$ 9,799,538	\$ 10,466,228	\$ 10,904,447	\$ 11,619,012	\$ 11,323,050	\$ 12,668,665	\$ 11,696,021
February	\$ 10,331,157	\$ 9,889,319	\$ 10,636,127	\$ 10,621,377	\$ 11,555,864	\$ 11,546,157	\$ 14,834,352
March	\$ 7,750,781	\$ 8,993,241	\$ 7,978,733	\$ 8,381,754	\$ 8,898,515	\$ 6,175,869	\$ 10,033,042
April	\$ 7,658,950	\$ 7,544,355	\$ 8,064,981	\$ 8,368,542	\$ 9,055,771	\$ 5,826,920	\$ 10,175,285
May	\$ 7,381,008	\$ 7,330,166	\$ 7,876,936	\$ 8,378,349	\$ 8,845,312	\$ 10,390,573	\$ 14,854,696
June	\$ 12,728,926	\$ 12,513,542	\$ 13,228,894	\$ 14,098,780	\$ 15,082,797	\$ 13,121,888	\$ 16,977,325
Total	\$ 55,650,359	\$ 56,736,852	\$ 58,690,117	\$ 61,467,814	\$ 64,761,310	\$ 59,730,072	\$ 78,570,721
\$ Change		\$ 1,086,493	\$ 1,953,266	\$ 2,777,697	\$ 3,293,496	\$ (5,031,238)	\$ 18,840,650
% Change		2%	3%	5%	5%	-8%	32%

Sales tax collected between January and June of 2021 revealed the County experienced historic growth rates in taxable sales, even when considering the lingering effects of the pandemic downturn experienced in 2020. Mid-year sales tax collections were \$78.6 million, a nearly \$19 million, or 32%, increase from the previous year's collections.

### 6 Month Ulster County Sales Tax Receipts by Month



# Historical Sales Tax Revenue and Expected Growth

In 2020, the gross sales tax for the County was \$127 million. The amount retained by the County was \$108 million after making the required distributions to the City and Towns. The amount distributed to the City of Kingston was \$14.6 million, and \$3.8 million were distributed to the towns and villages. Due to the effects of the pandemic, 2020 sales tax revenues saw 0% growth.

Month	2015	2016	2017	2018	2019	2020
January	\$ 9,799,538	\$ 10,466,228	\$ 10,904,447	\$ 11,619,012	\$ 11,323,050	\$ 12,668,665
February	\$ 10,331,157	\$ 9,889,319	\$ 10,636,127	\$ 10,621,377	\$ 11,555,864	\$ 11,546,157
March	\$ 7,750,781	\$ 8,993,241	\$ 7,978,733	\$ 8,381,754	\$ 8,898,515	\$ 6,175,869
April	\$ 7,658,950	\$ 7,544,355	\$ 8,064,981	\$ 8,368,542	\$ 9,055,771	\$ 5,826,920
May	\$ 7,381,008	\$ 7,330,166	\$ 7,876,936	\$ 8,378,349	\$ 8,845,312	\$ 10,390,573
June	\$ 12,728,926	\$ 12,513,542	\$ 13,228,894	\$ 14,098,780	\$ 15,082,797	\$ 13,121,888
July	\$ 8,550,487	\$ 8,480,284	\$ 8,721,079	\$ 9,520,528	\$ 10,170,304	\$ 9,409,282
August	\$ 11,487,508	\$ 12,475,797	\$ 13,216,222	\$ 13,474,470	\$ 14,267,603	\$ 17,396,657
September	\$ 8,328,634	\$ 8,308,356	\$ 8,620,976	\$ 8,312,536	\$ 9,385,865	\$ 9,298,907
October	\$ 8,297,397	\$ 8,405,684	\$ 8,784,119	\$ 9,141,950	\$ 9,083,073	\$ 8,484,595
November	\$ 7,159,612	\$ 8,314,263	\$ 8,010,789	\$ 8,833,861	\$ 9,261,533	\$ 13,428,076
December	\$ 8,514,367	\$ 9,439,946	\$ 9,247,493	\$ 9,470,580	\$ 10,166,671	\$ 9,535,153
<b>Total</b>	<b>\$ 107,988,363</b>	<b>\$ 112,161,181</b>	<b>\$ 115,290,796</b>	<b>\$ 120,221,739</b>	<b>\$ 127,096,358</b>	<b>\$ 127,282,742</b>
<b>\$ Change</b>		<b>\$ 4,172,818</b>	<b>\$ 3,129,615</b>	<b>\$ 4,930,943</b>	<b>\$ 6,874,619</b>	<b>\$ 186,384</b>
<b>% Change</b>		<b>4%</b>	<b>3%</b>	<b>4%</b>	<b>6%</b>	<b>0%</b>

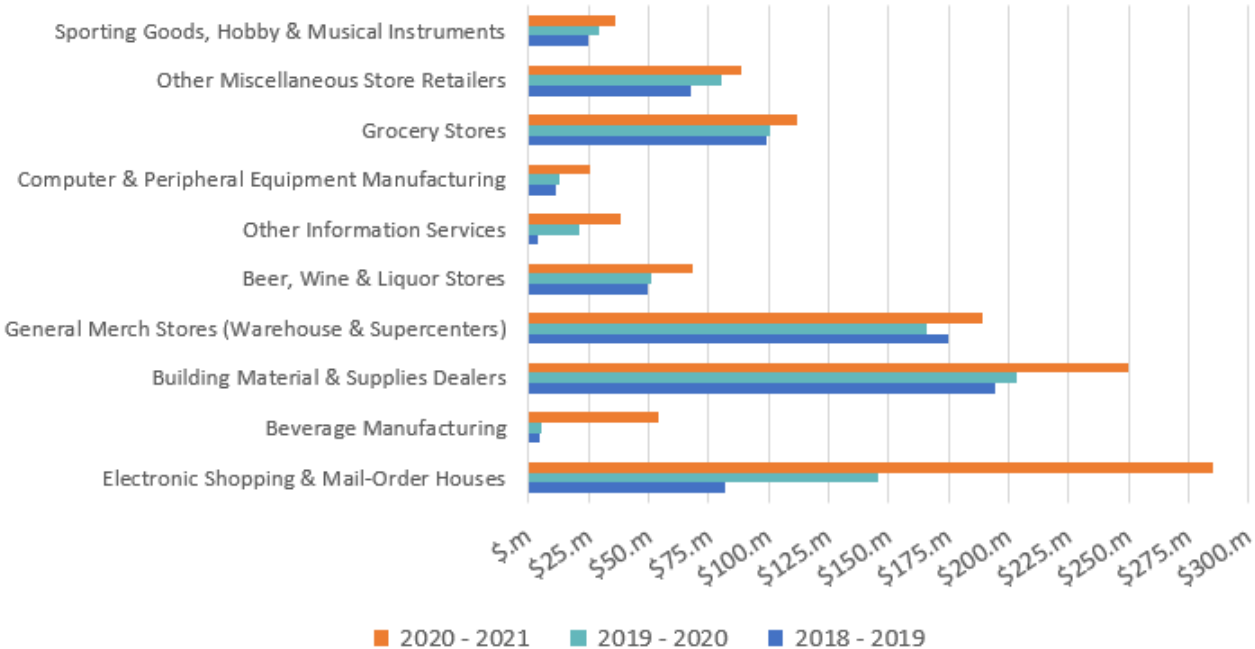
Even with the impacts of the pandemic, which began to take effect on sales tax collections in the second quarter of 2020, the County enjoyed an average sales tax growth rate of 3% over the most recent 5 year period. While we saw 0% growth at the end of 2020 within sales tax revenues, the 32% increase we have seen in the first half of 2021 more than accommodates for stagnant revenues experienced in 2020. Even if collections for the remainder of the year are at 5-year lows, the County will achieve above average growth in Sales Tax when historical data is considered. The County will more than likely double the average growth rate in sales tax revenues since 2015 and could even see double digit growth if current economic factors remain strong for the remainder of the year.

## Sales Tax Trends by Industry

The annual sales tax reporting period for New York State runs from March 1st to the end of February of each year, and therefore does not directly correlate to the County's fiscal year. Data provided by NYS is provided on a quarterly basis within each sales tax year for the taxable sales as reported by vendors on their sales tax filings. We have compiled the data by NAICS code for further analysis of trends by Industry, but please note that the figures reported per the NYS data portal does not correlate to the reporting periods recognized by the County.

All data used in this analysis is available at <https://data.ny.gov/Government-Finance/Taxable-Sales-And-Purchases-Quarterly-Data-Beginni/ny73-2j3u/data>

Ulster County Industries with Largest Annual Growth



## Annual Growth

**Electronic Shopping and Mail-Order Houses** saw the largest growth in taxable sales reported with a 96% increase when compared to 19/20 figures. This category saw \$140 million more in taxable sales in the 20/21 sales tax year. The Marketplace Provider tax became effective June 1, 2019 to require the collection sales tax for online taxable sales. During the first quarter of the 2019-2020 (March through May) the tax was not yet effective.

**Beverage Manufacturing** experienced exponential growth over the past year, with a \$49 million dollar increase in taxable sales, a 871% growth from previous year sales. Included in this category in addition to the manufacturing of soft drinks and other beverages is the sales made by distilleries and wineries which have seen a large amount of growth in the County over the last year. Beverage manufacturing sales represented the second largest increase to sales tax revenues for the County.



**Building Material and Supplies Dealers** represented a \$46 million dollar increase in total taxable sales, likely due to an increase in development and raw material pricing. **General Merchandise Stores**, including **Warehouse Clubs and Supercenters** saw a 14% increase in total taxable sales, or \$24 million, and **Beer, Wine, and Liquor Stores** experienced a 35% increase in sales with an additional \$18 million in taxable sales reported year over year.

## Annual Decline

**Gasoline Stations** reported the largest revenue decline with a 20% decrease or \$64 million dollar decrease in taxable sales year over year. Likely this was caused by an increase in work from home due to the pandemic. **Restaurants and Other Eating Spaces** reported the next largest decline with a \$54 million dollar decrease in taxable sales or a 19% decrease when compared to previous year figures. **Traveler Accommodations** saw a 39% decrease or \$52 million less in taxable sales, likely due to pandemic related closures that prevented many businesses from operating for large portions of the sales tax year. **Automotive Repair and Automotive Dealers** also saw significant decreases, and together represented more than a \$31 million reduction in taxable sales in the 20/21 sales tax year.



## Recent Rebounds

Some portion of the sales tax growth we are now experiencing is likely due to pent up demand in some categories, like **Automobile Dealers and Gasoline Stations** which saw the largest dollar growth in the first reporting period of the 21/22 sales tax year. Also, **Restaurants** saw a more than 105% increase in first quarter taxable sales reported when compared to 21/20 figures. **Traveler Accommodation** saw almost 400% growth in a one year look back, and building materials and supplies continued to show increases through the beginning of the new sales tax year. With record-breaking numbers so far this year, it appears sales tax revenues will more than accommodate for the lack of growth experienced during the previous year's tumultuous economic environment experienced as a result of responses to the pandemic. **Furniture, Clothing, Shoes and Jewelry** stores also reported more than 100% growth rate year over year in each category, indicating that general commerce is on the rise.

## Ulster County Sales Tax Background

Generally, most retail sales of goods and services made within the County are subject to 8% sales tax: 4% of this amount is attributable to state sales tax, while the remaining 4% represents the County's share. The 4% portion received by the County is then partially divided among its municipalities based on the current sales tax agreement in place. In Ulster, the county tax base rate is 3%; however, the County traditionally receives authorization from the state to levy an additional 1%.

Sales tax is an essential source of revenue for local governments. Sales tax represents the largest source of revenue for the County, and in 2020 the County retained more than \$127 million in sales tax revenue, accounting for approximately 39% of total County revenues.

## Sharing Agreement

The majority of counties share a portion of their sales tax collections with their local governments. While collection agreements vary across counties, a recent publication by the NYS Comptroller reported that, on average, counties shared about 28% of their sales tax revenues with local governments and that 46 of the 57 counties across the state share some portion of their revenues.

The County has an agreement with the City of Kingston and the Towns that govern the disbursement of sales tax revenues received by the County from the state.

The agreement states:

- 85.5% of monies received will be set aside for County purposes;
- 11.5% of monies will be paid monthly to the City of Kingston
- 3% of monies will be allocated to the Towns

This Agreement was effective from March 1, 2016, through February 28, 2021. Beginning in March of 2021, the County entered into a new agreement which still guarantees the city 11.5 percent of the gross sales tax revenue and the towns 3 percent based on each town's assessed value. If sales tax revenues exceed the 2020 budget amount however, representatives from the City, County Legislature and Executive's Office must meet to discuss whether the towns should receive a greater percentage of the surplus. Based on YTD collections, these municipalities may need to convene regarding the dispersion of excess sales tax funds collected in 2021.

2020 Sales Tax Distributions	
City of Kingston	\$ 14,637,515
Denning	\$ 37,099
Esopus	\$ 181,849
Gardiner	\$ 188,051
Hardenburgh	\$ 38,198
Hurley	\$ 177,921
Kingston	\$ 19,403
Lloyd	\$ 230,812
Marbletown	\$ 201,685
Marlborough	\$ 168,723
New Paltz	\$ 261,818
Olive	\$ 260,803
Plattekill	\$ 149,639
Rochester	\$ 188,016
Rosendale	\$ 112,294
Saugerties	\$ 329,317
Saugerties Village	\$ 65,176
Shandaken	\$ 143,713
Shawangunk	\$ 207,660
Ulster	\$ 287,843
Wawarsing	\$ 215,311
Ellenville Village	\$ 31,367
Woodstock	\$ 321,785
<b>Total</b>	<b>\$ 18,455,998</b>

## Sales Tax Diversions

The State began diverting revenues from County sales tax payments in December 2019 for "AIM" (Aid and Incentives for Municipalities), which provides state aid to all of New York's cities (other than New York City), and 137 towns and villages. In addition to AIM diversions, the State also began diversion to distressed healthcare providers as a result of the pandemic. The State has not provided a definition for "distressed healthcare providers", nor have they provided specifics on how these funds will be distributed. Total 2020 diversions reduced Ulster County sales tax receipts by over \$775k, and an additional \$744k is budgeted for diversion in 2021 for December 2020 collections. Proposed distressed healthcare provider diversions total \$1.3 million during 2021.

State Diversion of Local Sales Tax 2021 FDHF-GF & AIM Related Payments		
<u>January 15, 2021</u>	<u>Rest of CY 2021<sup>1</sup></u>	<u>Subtotal CY 2021</u>
FDHF-GF	FDHF-GF	FDHF-GF
Sales Tax Diversion	Sales Tax Diversion	Sales Tax Diversion
\$744,543	\$564,257	\$1,308,800

<u>May 2021</u>	<u>December 2021</u>	<u>Subtotal CY 2021</u>
AIM-Related Payment	AIM-Related Payment	AIM-Related Payment
Sales Tax Diversion	Sales Tax Diversion	Sales Tax Diversion
\$135,851	\$639,160	\$775,011

<u>Total CY 2021 Sales Tax Diversion</u>
\$2,083,811