



ULSTER COUNTY OFFICE OF THE COMPTROLLER

2021 SALES TAX REPORT

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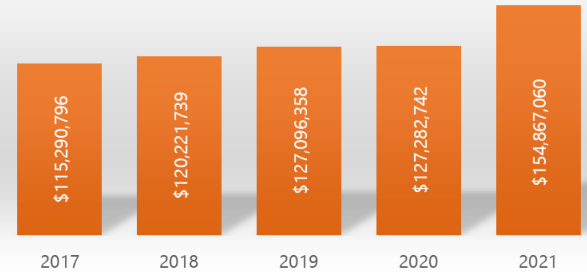
Ulster County 2021 sales tax revenues showed record breaking growth with a 22% increase when compared to 2020 figures, and \$34 million over budgeted revenues. These collections indicate strong economic growth that will result in a significant surplus to the County in 2021 as sales tax is a one of the largest revenue sources to the County.

Annual Sales Tax Collections

Sales tax collected in 2021 revealed the County experienced historic growth rates in taxable sales, even when considering the lingering effects of the pandemic downturn experienced in 2020. The County collected \$154.9 million in sales tax revenues in 2021, a 22% increase in year over year collections, representing the largest single year growth rate in recent history.

In 2020, the 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.

Annual Sales Tax Collections



Sales Tax Collection by Month 2017-2021 (excludes interest)					
Month	2017	2018	2019	2020	2021
January	\$ 10,904,447	\$ 11,619,012	\$ 11,323,050	\$ 12,668,665	\$ 11,696,021
February	\$ 10,636,127	\$ 10,621,377	\$ 11,555,864	\$ 11,546,157	\$ 14,834,352
March	\$ 7,978,733	\$ 8,381,754	\$ 8,898,515	\$ 6,175,869	\$ 10,033,042
April	\$ 8,064,981	\$ 8,368,542	\$ 9,055,771	\$ 5,826,920	\$ 10,175,285
May	\$ 7,876,936	\$ 8,378,349	\$ 8,845,312	\$ 10,390,573	\$ 14,854,696
June	\$ 13,228,894	\$ 14,098,780	\$ 15,082,797	\$ 13,121,888	\$ 16,977,325
July	\$ 8,721,079	\$ 9,520,528	\$ 10,170,304	\$ 9,409,282	\$ 11,552,691
August	\$ 13,216,222	\$ 13,474,470	\$ 14,267,603	\$ 17,396,657	\$ 18,305,452
September	\$ 8,620,976	\$ 8,312,536	\$ 9,385,865	\$ 9,298,907	\$ 10,978,353
October	\$ 8,784,119	\$ 9,141,950	\$ 9,083,073	\$ 8,484,595	\$ 10,735,979
November	\$ 8,010,789	\$ 8,833,861	\$ 9,261,533	\$ 13,428,076	\$ 12,815,109
December	\$ 9,247,493	\$ 9,470,580	\$ 10,166,671	\$ 9,535,153	\$ 11,908,755
Total	\$ 115,290,796	\$ 120,221,739	\$ 127,096,358	\$ 127,282,742	\$ 154,867,060
\$ Change	\$ 3,129,615	\$ 4,930,943	\$ 6,874,619	\$ 186,384	\$ 27,584,319
% Change	3%	4%	6%	0%	22%

Historical Sales Tax Revenue and Expected Growth

Even with pandemic impacts, which began to take effect on sales tax collections in the second quarter of 2020, the County enjoyed an average 5-year sales tax growth rate of 3% through the end of 2020 (2016 -2020 average growth). In 2021, the County collected \$27.6 million more in sales tax revenue than in 2020, a 22% increase that is more than 7 times the County's average growth rate. These historical windfalls will further bolster the County's General Fund balance and result in a major operating surplus for the year.

Sales Tax Trends by Industry

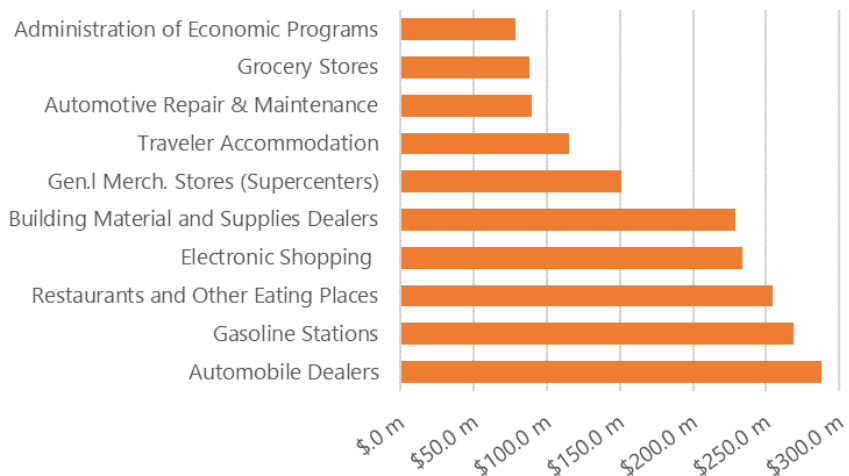
The annual sales tax reporting period for New York State runs from March 1st to the end of February of each year, and therefore does not directly correlate to the County's fiscal year. Data provided by NYS is done so on a quarterly basis within each sales tax year for the taxable sales as reported by 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. Industry data presented here includes the first three quarters of the sales tax year, March-November.

Notes: Administrative of Economic Programs includes the state funded programs with taxable sales such as Belleayre Mountain. 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>

Major Industries

The automobile sector including sales, repair and gasoline are top drivers of sales tax in Ulster County. Automobile Dealers continues as the largest generating taxable sales industry in Ulster County. Automobile sales tax accrues to the county of origin for the buyer, regardless of the location of the sale. For the first three sales tax quarters of this year Restaurants and Other Eating Spaces was the third largest taxable sales generating industry. Electronic Shopping is now one of our largest taxable sales generating industries, partially related to the pandemic but also as a result of the change to the Marketplace Provider Tax which now requires electronic sellers to collect sales tax at the point of sale and remit those collections to New York State as of mid-2019.

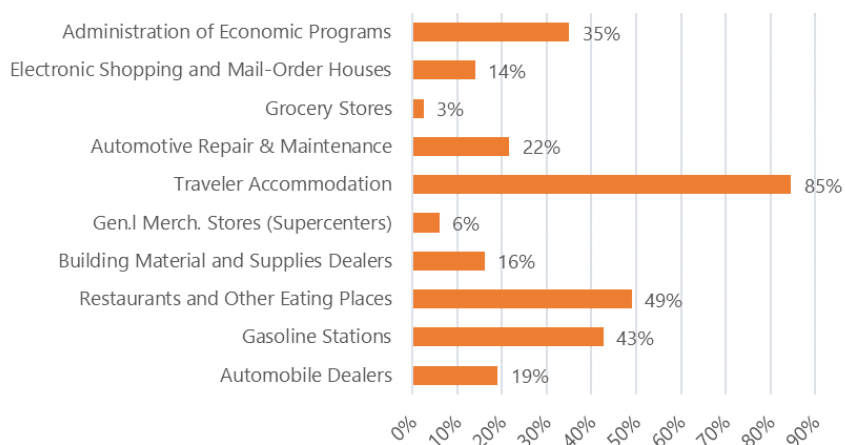
Taxable Sales Top 10 Industries Mar-Nov 2021



Changes from Last Year

Every one of Ulster County's top ten taxable sales generating industries saw growth in the three sales tax quarters comparing 2021 to 2020. The largest growth was in Traveler Accommodations which saw 85% year over year growth for the March through November period comparing 2021 taxable sales to 2020 taxable sales for the same period. Restaurants saw a 49% increase for the same period demonstrating how hospitality businesses learned to pivot between the first and second years of the pandemic. Industries that saw very large growth during the first year of the pandemic such as Grocery Stores, General Merchandise Stores (Supercenters), and Building Material and Supplies Dealers saw more moderate growth in 2021 but did not see declines from the prior year when lockdowns forced most consumers to eat at home, buy in bulk and engage in more home repair.

Taxable Sales % Change Mar-Nov 2020 to 2021



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%. In the future, this authorization may not be required as the Governor has proposed providing permanent authority.

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. In 2021, sales tax was budgeted to be \$120.6 million in revenues, or 36.06% of the County budget. The adopted 2021 budget was very conservative in light of the continuing pandemic.

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 23% 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% of the gross sales tax revenue and the towns 3% based on each town's assessed value. If sales tax revenues exceed the 2020 budget amount of \$128,561,423 however, representatives from the City, County Legislature, and Executive's Office agreed to discuss whether the amount over the 2020 revenues should be shared differently. County collections have exceeded this threshold, so there may be a discussion on the dispersion of excess sales tax funds collected in 2021. Final distributions to these municipalities for 2021 collections are not yet complete and will be included in the Comptroller's 2022 Mid-Year Sales Tax Report.

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 ostensibly justified the pandemic. The Governor's proposed 2022 budget recommended eliminating the AIM diversions but extending those for distressed providers.

The State has not provided a definition for "distressed healthcare providers", nor have they provided specifics on how these funds were to be distributed. Thus far, distressed provider diversions have gone to the State's general fund. Total diversions reduced Ulster County sales tax receipts by over \$1.5 million in both 2020 and 2021.

State Diversion of Local Sales Tax 2021		
FDHF-GF & AIM Related Payments		
2021	2021	Total CY 2021
AIM-Related Payment Sales Tax Diversion	Distressed Provider Sales Tax Diversion	
\$775,011	\$753,220	\$1,528,231