



ULSTER COUNTY OFFICE OF THE COMPTROLLER

Ulster County 2023 Sales Tax Revenues Snapshot

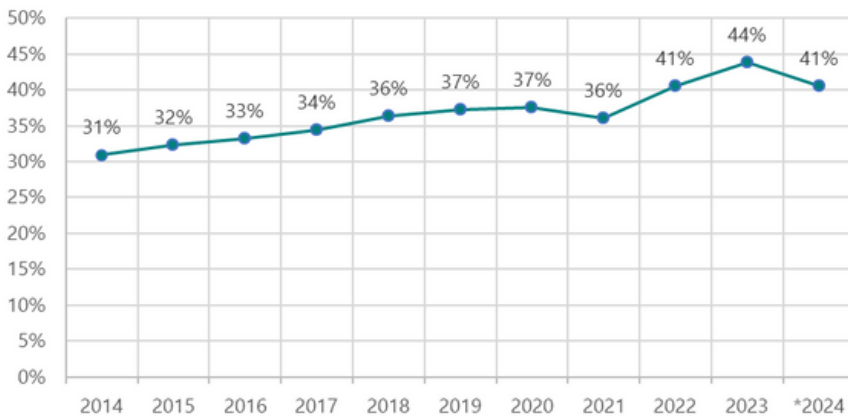
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Released May 2024

Sales Tax Revenue Growth

Sales Tax revenues represent 41% of the County's 2024 legally adopted operating budget. This percentage reached a peak of 44% in 2023 and has steadily risen from 31% in 2014. While sales tax revenues reduce the impact of the County budget on real property taxpayers, sales tax is a volatile revenue which is dependent on the health of the overall economy. Should we suffer an economic downturn, a reduction in this revenue will result in a reduction in fund balance or an increase in property taxes. During the Great Recession, Ulster County's 2009 sales tax revenues declined 8% from the prior year.

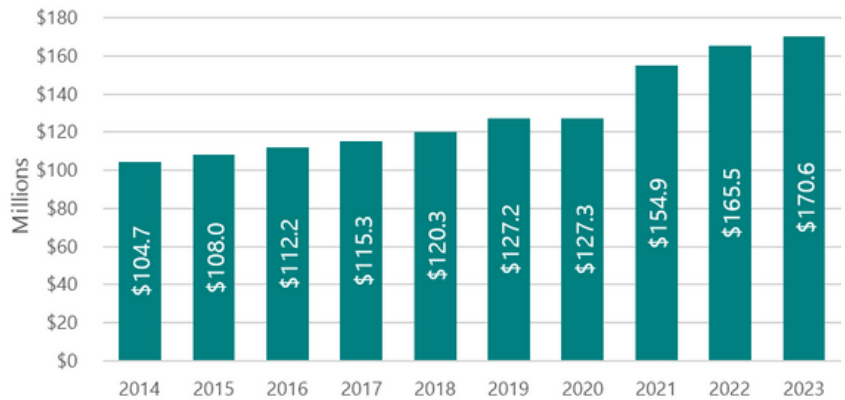
Sales Tax as % of Budget



Ulster County's 2023 sales tax revenues exceeded budgeted figures by \$3.6 million, or 2.1% for the year. Historically, revenues collected generally exceed budgeted revenues. In 2020, due to the pandemic, actual collections fell short of budgeted revenues by just over \$1.3 million, however, unprecedented collections in 2021 and 2022 produced revenues far above expected values. The 2024 operating budget anticipates sales tax revenues of \$167 million, keeping the budgeted revenue flat.

Sales tax revenues totaled \$170.6 million in 2023, a 3% increase in actual revenues compared to 2022. Between 2019 and 2022, Ulster County sales tax revenue was impacted by \$3.8 million in diversions by the State for Aid and Incentives for Municipalities (AIM) and distressed healthcare provider payments. Adoption of the marketplace provider tax (electronic shopping) prevented further declines to sales tax revenues in 2020 and is partially responsible for the strong sales tax revenues in 2021.

Actual Sales Tax Revenue Collections



Year	Budgeted	Actual	Difference	% Change in Actual
2014	\$104,059,402	\$104,667,661	\$608,259	2.61%
2015	\$108,002,757	\$107,996,028	(\$6,729)	3.18%
2016	\$109,966,041	\$112,184,274	\$2,218,233	3.88%
2017	\$111,672,331	\$115,339,913	\$3,667,582	2.81%
2018	\$117,631,568	\$120,322,069	\$2,690,501	4.32%
2019	\$122,435,116	\$127,215,937	\$4,780,821	5.73%
2020	\$128,561,423	\$127,306,183	(\$1,255,240)	0.07%
2021	\$120,559,288	\$154,871,457	\$34,312,169	21.65%
2022	\$143,000,000	\$165,528,731	\$22,528,731	6.88%
2023	\$167,000,000	\$170,569,996	\$3,569,996	3.05%

According to a recent report by the Office of the State Comptroller ("OSC"), local sales tax collections statewide grew by 4.2% last year, in large part due to New York City's tourism sector growth rebounding post-pandemic. Sales tax growth for 2023 in New York City was 5.9%, which exceeded that of upstate counties which saw 2.4% growth.¹

1] NYS Office of State Comptroller (February 2024), Local Sales Tax Collections Increased 4.2% in 2023 available at: <https://www.osc.ny.gov/files/local-government/publications/pdf/2023-sales-tax-annual-report.pdf>

Sales Tax by Industry

The NYS Department of Taxation and Finance provides sales tax revenues² by industry sector for further analysis on the changes affecting specific industries.

As of the date of this report, sales tax industry data was available for the 2023/2024 sales tax year which ran March 1, 2023, through February 29, 2024. Based on the information reported by New York State Department of Tax and Finance, Traveler Accommodation surged 21% year-over-year. Automobile dealers, which are the largest single source of sales tax revenue in Ulster County, saw a 2% increase when compared to the prior year period. Gasoline stations were up 14%. Restaurants saw a 4% increase, and electronic shopping was up 5% year over year. Building materials declined 19%, which represented the most significant decline.

TAXABLE SALES MARCH-FEBRUARY 2022/2023 TO 2023/2024



Altogether, the top 10 NAICS codes make up 58% of the total taxable sales in Ulster County for this period.

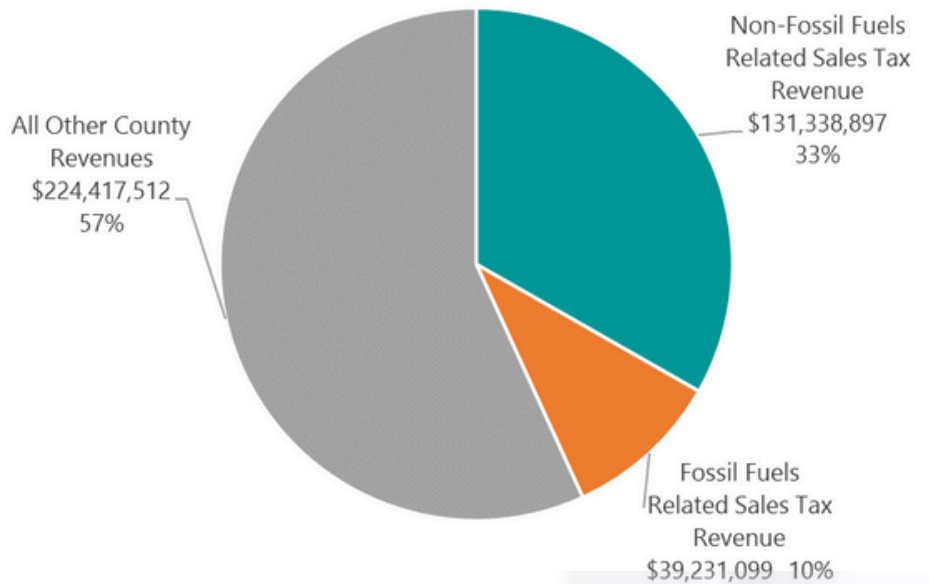
Taxable Sales & Services				
NAICS Group	Description	% change	2022-2023	2023-2024
4411	Automobile Dealers	2%	\$ 368,404,613.00	\$ 375,480,559.00
7225	Restaurants & Other Eating Places	4%	\$ 353,132,904.00	\$ 368,826,043.00
4471	Gasoline Stations	14%	\$ 315,190,800.00	\$ 358,128,361.00
4541	Electronic Shopping & Mail-Order Houses	5%	\$ 328,980,952.00	\$ 346,989,948.00
4441	Building Material & Supplies Dealers	-19%	\$ 287,846,610.00	\$ 233,387,838.00
7211	Traveler Accommodation	21%	\$ 166,124,099.00	\$ 201,644,914.00
4523	Gen. Merch. Stores (Warehouse Clubs & Supercenters)	0%	\$ 197,304,703.00	\$ 196,825,938.00
8111	Automotive Repair & Maintenance	2%	\$ 123,844,690.00	\$ 125,990,981.00
4451	Grocery Stores	6%	\$ 116,475,169.00	\$ 123,984,037.00
4539	Other Miscellaneous Store Retailers	8%	\$ 104,385,841.00	\$ 112,558,389.00

² Taxable Sales and Purchases Quarterly Data beginning March 2013 <https://data.ny.gov/Government-Finance/Taxable-Sales-And-Purchases-Quarterly-Data-Beginni/ny73-2j3u/data>

Fossil Fuel and Transportation-Related Industry Sales Tax

It is interesting to note that three of the top ten industry codes for taxable sales in Ulster County are directly related to the fossil fuel industry including Automobile Dealers, Gasoline Stations, Automotive Repair and Maintenance. County Executive Metzger's Executive Order No. 01-2023 set a goal for the County to reduce community wide greenhouse gas emissions of forty percent (40%) by 2030 and eighty-five percent (85%) by 2050. A review of all taxable sales industry codes in Ulster County identified 37 heavily fossil fuel dependent industries which drive 23% of all taxable sales for the County. Ten percent of Ulster County's annual budget, or \$39.2 million in 2023, was supported by taxable sales in fossil fuel industries. We are beginning to see an attempt to shift away from this dependence with the introduction of alternative energy sources and transportation.

Ulster County Actual 2023 Revenues



Conclusion

Sales tax revenues are a significant component of budgeted revenues for Ulster County. Our reliance on sales tax as a proportion of the budget has grown over the last ten years. While sales tax revenues reduce the budget reliance on real property tax revenue, sales tax is subject to market fluctuations based on the overall economy. Ulster County prudently budgeted to keep 2024 projected sales tax revenues flat and should continue to take this conservative approach. A significant proportion of taxable sales in Ulster County are dependent on the fossil fuel economy resulting in approximately 10% of the County budget being supported by fossil fuel industries.

[3] The initial version of this analysis did not break out the sales of electric vehicles in Ulster County. Without review of EV sales, fossil fuel related industries make up 24% of all taxable sales and 11% of Ulster County's budgeted revenues. Using [NYSERDA's EV map and data](#), we identified 890 new EV registrations in Ulster County for 2023. Assuming a cost of \$52,490 (which is the price of a new loaded Tesla Y- the most common EV registered in Ulster County), we were able to reduce the Automobile Dealer taxable sales that were fossil fuel dependent by \$46.7 million.