



Office of The Ulster County Comptroller

On the Rise: Ulster County Sales Tax Revenue

August 8, 2016

The Office of New York State Comptroller Thomas DiNapoli released a report on sales tax revenue throughout New York State for 2016. The study found that local sales tax collections across New York only grew 1.7% in the first six months of 2016 compared to the same period in 2015. For the last three years, collection growth has been slow in the first half of the year but has accelerated in the second half. The analysis notes that recent projections of the State's economy suggest this trend could continue for the second half of 2016 as well.¹

However, New York's Mid-Hudson Valley region, including Ulster County, proved to be an exception, experiencing higher sales tax revenue than any other part of the State. Our area enjoyed the strongest growth as far as a percentage increase in local sales tax revenue – 2.7% – comparing the first half of 2015 to the first half of 2016.² Ulster County took in \$51,252,925 in sales tax revenue for the same period in 2015 and \$52,653,641 in the first half of 2016, which represents a 2.7% increase in revenue.³

A report released in February 2016 by the Ulster County Comptroller's Office stated that \$107,770,020.24 was generated from sales tax revenue in 2015.⁴ This multi-million dollar surge from 2014 to 2015 placed Ulster County as one of the exceptions among the fifty-seven counties outside of New York City in 2015, as collections exceeded 4% from the previous year.⁵ Ulster was one of only four counties outside of the metropolitan area to experience increases above 3%. At the time, the Office of the New York State Comptroller attributed much of this change to a return of the traditionally enjoyed 4% tax rate on January 1, 2015, after the rate was temporarily decreased to 3% for most of 2014.⁶ Although this adjustment undoubtedly played a role, sales tax appears to be a healthy and growing source of revenue for Ulster County going forward.

The lack of widespread sales tax revenue increases across New York State is partially attributed to a decline in motor fuel sales tax collection. Local governments collected \$156 million less in motor fuels sales taxes in the

¹ See "Local Sales Tax Collections Slow In First Half of 2016," Office of the New York State Comptroller (August 2016). Available at <http://www.osc.state.ny.us/localgov/pubs/research/localsalestaxcollections0816.pdf>

² See id.

³ See id.

⁴ See "Understanding the Ulster County Sales Tax," Office of the Ulster County Comptroller (February 2016). Available at <http://ulstercountyny.gov/comptroller/sites/default/files/What%20is%20Ulster%20County%20Sales%20Tax.pdf>

⁵ See *gen* "NYSAC: 2015 Sales Tax Revenues Are Red Flag For Many Counties," Wellsville Daily Reporter (January 26, 2016). Available at <http://www.wellsvilledaily.com/article/20160126/NEWS/160129829>

⁶ See "Research Brief: Local Sales Tax Collections Improve in 2015 – Strong Growth in New York City, Much Weaker in the Rest of the State," Office of the New York State Comptroller (February 2016). Available at <http://osc.state.ny.us/localgov/pubs/research/salestaxcollections0216.pdf>



first half of 2016 compared to the first half of 2014, which amounts to 2.2% of total local sales tax collections. Ulster County saw its percentage decline approximately 35-40% from the first half of 2014 to the first half of 2016.⁷

A March 2016 report by the Ulster County Comptroller's Office showed that a component of our local sales tax is the only portion adversely affected by reduced gasoline prices. However, it was noted that this negative impact on collections due to lower gas prices could be offset by the approximation that consumers spend roughly 80% of their savings from these lower gas prices. This trickle-down effect propelled by the spending power of the average consumer could potentially minimize the economic losses suffered by the County due to a smaller contribution from the overall fuel sales tax.⁸

Passing the halfway mark of 2016, Ulster County appears to be on pace to experience an increase in sales tax revenue from 2015. Ulster County's 2016 adopted budget anticipates \$109,966,041 in sales tax revenue, and if the previous trends in sales tax revenue hold true then the County should reach its projection.⁹

This anticipation comes to light as part of the recent changes in sales tax distribution among Ulster County, its towns, and the City of Kingston. The current distribution allots 11.5% to the City of Kingston, 3% to the towns, and the remaining 85.5% to the County. The agreement's method of distribution changes as of 2018.¹⁰

⁷ See "Local Sales Tax Collections Slow In First Half of 2016."

⁸ See "Gas Tax," Office of the Ulster County Comptroller (March 30, 2016). Available at <http://ulstercountyny.gov/comptroller/sites/default/files/Gas%20Tax%20Final%20PDF.pdf>

⁹ See "Adopted Budget 2016," by Ulster County. Available at <http://ulstercountyny.gov/sites/default/files/2016%20Adopted%20Operating.pdf>

¹⁰ See "Interpreting the 2016 Sales Tax Agreement," prepared by Ulster County Legislative Financial Analyst. Available at <http://ulstercountyny.gov/comptroller/sites/default/files/Interpretation%3B2016.Sales%20Tax%20Agreement.pdf>