



## Office of The Ulster County Comptroller

### *Ulster County Trends in Taxable Sales*

November 30, 2016

## Ulster County Sales Tax

In the proposed 2017 Executive Budget, the County forecasts total sales tax collections of \$111,672,331 for the upcoming year – an increase of \$1.7 million dollars (or 1.6%) from 2016’s adopted figure of \$109,966,074.<sup>1</sup> This amount represents 34.38% of the County’s proposed budgeted revenue. As a recent report from the New York State Comptroller’s Office notes, the Mid-Hudson Valley region (which includes Ulster County) is experiencing higher sales tax revenue than any other part of the State.<sup>2</sup>

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\*. This report looks to further understand these trends by evaluating the top twenty annual taxable sales by industry in Ulster County.

## Annual Taxable Sales by Industry (Top 20 Industry Sales)

Taxable Sales by Industry			
Industry	2013 - 2014	2014 - 2015	2015 - 2016
<b>Automobile Dealers</b>	265,061,014	286,625,986	307,054,396
<b>Gasoline Stations</b>	315,242,816	320,920,086	257,796,681
<b>Restaurants and Other Eating Places</b>	206,331,209	216,764,276	232,459,530
<b>Building Material and Supplies Dealers</b>	143,980,982	151,746,292	164,633,092
<b>Other General Merchandise Stores</b>	139,261,942	154,321,429	163,623,925
<b>Traveler Accommodation</b>	88,397,246	94,269,430	99,769,585
<b>Automotive Repair and Maintenance</b>	91,122,133	93,640,173	97,452,022
<b>Grocery Stores</b>	139,017,411	94,587,745	93,765,855
<b>Electric Power Generation, Transmission and Distribution</b>	63,084,786	74,198,108	71,011,712
<b>Electronic Shopping and Mail-Order Houses</b>	43,424,678	48,355,930	54,080,709
<b>Clothing Stores</b>	48,571,451	53,531,339	53,687,099
<b>Other Miscellaneous Store Retailers</b>	47,927,352	50,519,696	52,419,321
<b>Wireless Telecommunications Carriers (except Satellite)</b>	50,537,541	50,538,970	49,653,321
<b>Beer, Wine, and Liquor Stores</b>	42,367,410	44,873,034	47,491,832
<b>Electronics and Appliance Stores</b>	37,683,349	38,708,254	39,395,474
<b>Direct Selling Establishments</b>	44,832,989	45,098,204	37,546,451
<b>Department Stores</b>	50,946,038	37,007,148	36,402,973
<b>Sporting Goods, Hobby, and Musical Instrument Stores</b>	34,252,664	38,501,998	35,245,379
<b>Services to Buildings and Dwellings</b>	25,120,900	28,261,260	30,884,412
<b>Unclassified</b>	21,486,029	33,287,094	30,370,491

<sup>1</sup> See “2017 Executive Budget,” by Ulster County. Available at [http://ulstercountyny.gov/sites/default/files/2017%20Ulster%20Exec%20Operating%20Budget\\_0.pdf](http://ulstercountyny.gov/sites/default/files/2017%20Ulster%20Exec%20Operating%20Budget_0.pdf)

<sup>2</sup> 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>

\*A portion of the 4% County share is divided among the municipalities via an agreed upon sales tax sharing agreement.



**NAICS Industry Codes:** The industry codes presented above are established by the North American Industry Classification System. These codes represent the principle business activity of the company as registered with the NYS Department of Taxation and Finance and may not directly represent the goods and services sold.<sup>3</sup>

**Gas and Auto Sales:** From 2013 to 2016 sales by industry show that the majority of sales tax revenue can be attributed to gasoline purchases. However, a decrease in gasoline prices last year pushed automobile sales to the highest industry generator of sales taxes. Since 2013, taxable gasoline sales have decreased by more than \$57 million dollars (18% decline). On the other hand, automobile sales have increased by more than \$41 million over the same time frame (16% growth). As indicated by first quarter numbers for the 2016-17 tax year, as well as sustained reductions in gasoline prices, this trend will continue for the current sales tax collection year with automobile sales outpacing gas sales by nearing \$24 million in sales for the first quarter.

**Restaurants:** The restaurant and food industry is consistently the third largest contributor to taxable sales and purchases in Ulster County and will likely remain so based on first quarter results for 2016-17. Since 2013, taxable sales in this category have increased by more than \$26 million (or 13%), and first quarter results for the coming year indicate that sales in this category will continue to increase in the current tax year.

**Grocery Stores:** Grocery store sales have seen a significant decline in the same period, dropping 33% or just over \$45 million dollars based on the annual figures presented above. While many grocery items are not subject to tax, items like candy, confectionary, alcoholic beverages, soft drinks, and heated and prepared meals are taxable. This decline may indicate that consumers are purchasing less of these items, or have simply chosen other retailers offering the same goods (i.e. miscellaneous store retailers).

**Department Stores:** Department stores have experienced the next largest decline by industry code with a \$14.5 million dollar reduction in a taxable sales (or a nearly 30% decrease). The loss of several major department stores within Ulster County has likely contributed to this decline which has continued into the current tax year based on first quarter results.

**Direct Selling Establishments:** Defined by the NAICS as “establishments primarily engaged in non-store retailing (except electronic, mail-order, or vending machine sales),” direct selling establishments include a variety of business types ranging from home delivered heating oil to frozen food and freezer plan providers to bottled water delivery services. They typically “go to the customers’ location rather than the customer coming to them (e.g., door-to-door sales, home parties).” Diminishing sales from direct selling establishments are trailing just behind those of department stores, showing a 16% decrease or just over a \$7 million decline over the last three years. First quarter results indicate that this category will likely continue to fall as far as taxable sales in the current year.

**Electronic Shopping and Mail Order Houses:** Online sales have seen a significant increase, as taxable sales attributable to this industry have grown by 25% or \$10.6 million. It is likely that some of the sales previously made from the department store industry are now being made online, resulting in higher sales in this category. First quarter statistics suggest that this industry will likely continue to increase in the 2016-17 sales tax year.

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<sup>3</sup> See “North American Industry Classification System,” by United States Census Bureau. Available at <http://www.census.gov/eos/www/naics/>



**Clothing Stores:** Clothing stores from 2013 to 2016 saw a multi-million dollar surge, enjoying an 11% increase or just over \$5 million in taxable sales and purchases. This increase could be the result of shifting taxable sales from the declining department store industry as several major department store chains have recently closed. However, first quarter numbers for the 2016-17 sales indicate that this category may see a small decline in the current year.

**Beer, Wine, and Liquor Sales:** Alcohol sales have shown steady increases since 2013, rising by over \$5 million (or 12%). First quarter sales indicate the increasing trend will likely continue in the coming year with first quarter results showing a 5% growth from the previous year's first quarter statistics.

## Conclusion

The first quarter of the 2016-17 year shows that taxable sales and purchases made from March through May of 2016 have increased, with the first quarter of the current tax year reporting taxable sales that are \$20 million higher than the same quarter for the previous year (or a 3.3% increase).

Total Q1 Taxable Sales and Purchases (March - May)	
2013-14	\$621,907,666
2014-15	\$627,529,240
2015-16	\$625,381,220
2016-17	\$645,962,131

Ulster County continues to enjoy growth in sales tax revenue at a higher percentage than most regions of New York State.<sup>4</sup> The industries that have seen higher sales tax revenue, as well as those that have dropped, certainly speak to the changing economy in Ulster County and around the nation.

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<sup>4</sup> 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>