

ULSTER COUNTY OFFICE OF THE COMPTROLLER

Sales Tax Snapshot

Released February 2025

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Sales tax is a critical revenue for County operations. The authority to charge sales tax is granted to counties by the State of New York which charges a sales tax of 4%. New York State Tax Law authorizes counties and cities to impose a sales tax rate of up to 3% through the adoption of a local law and to also impose an additional rate above 3% with state approval. Ulster County has chosen to charge an additional 4% which is shared with the City of Kingston and the towns, so the final rate consumers in Ulster County pay is 8%. The City of Kingston could legally charge its own sales tax, but rather than doing so enters into a sharing agreement with the County that governs distributions.

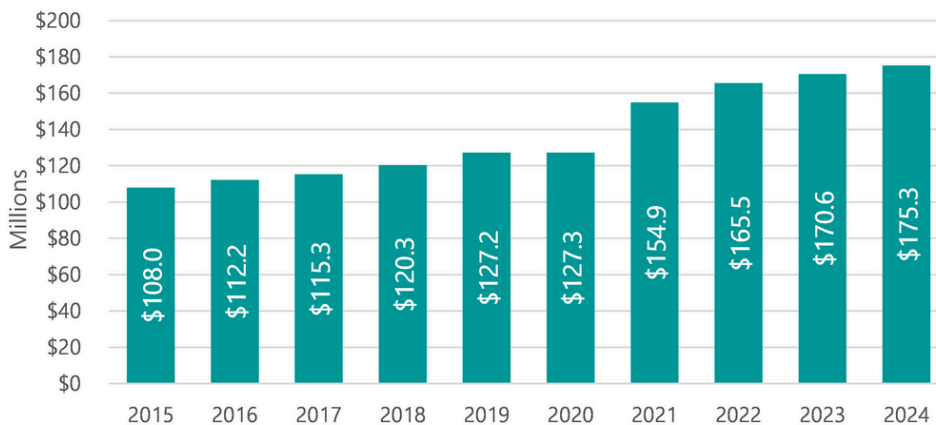
In 2024, the County earned sales tax revenues of \$174,953,478 excluding interest. The County will retain 84.5% of this total, or \$147,835,689. Of this amount, 4% or \$6,998,139 will be shared with the towns and villages situated within the County, and 11.5% or \$20,119,650 will be shared with the City of Kingston.

For 2024 sales tax collections, New York State has paid Ulster County \$356,970 so far in interest on sales tax earnings as of the date of this report. One more monthly interest payment is expected. Ulster County does not share these interest payments with the Towns and Villages.

Sales tax revenue benefits Ulster County real property owners and renters, because each dollar collected in sales tax is one less dollar that needs to be raised through the County's property tax levy. Sales tax is now a leading source of revenues for the County budget and is expected to provide 37% of the total budgeted revenues for 2025.

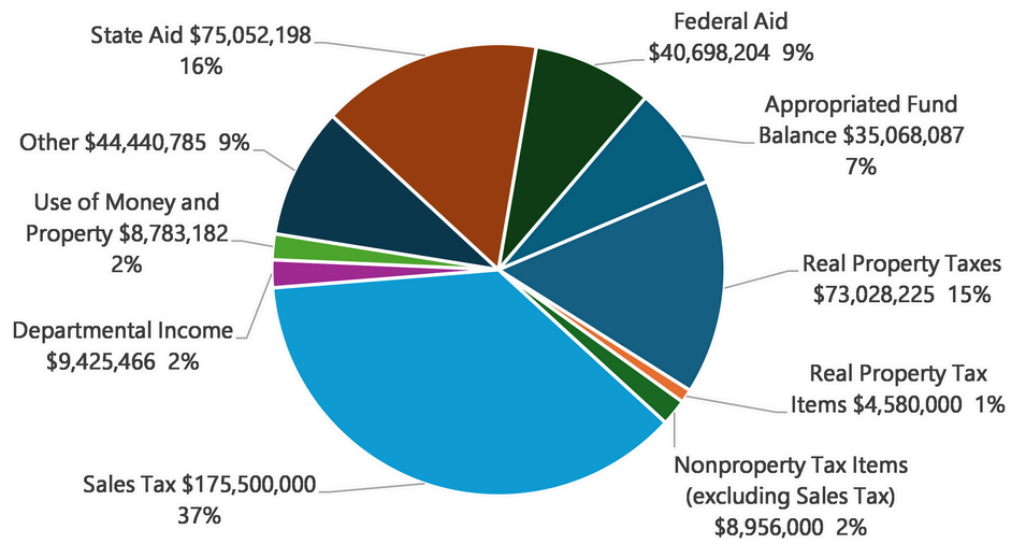
Sales tax revenues have grown over the last 10 years from \$108 million in 2015 to \$175 million in 2024.

Actual Sales Tax Revenue Collections (including interest)

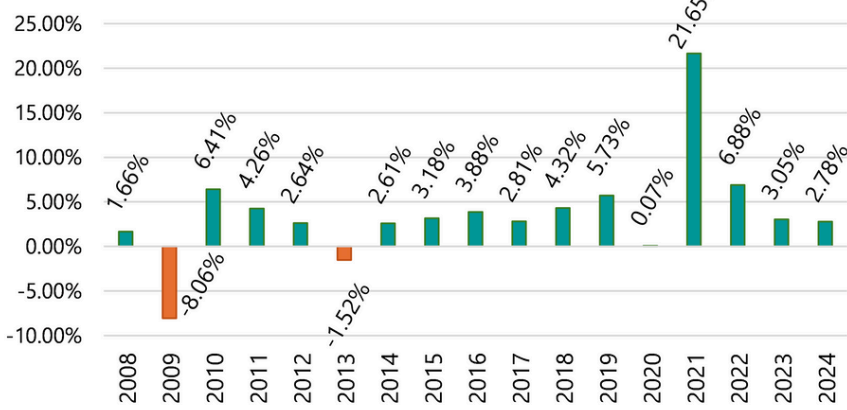


Historically, sales tax grew at a modest rate each year with several exceptions. During the Great Recession, Ulster County experienced a reduction in sales tax of over 8%. Then the revenue declined 1.5% in 2013 when the County and the sitting State Assemblymember could not reach agreement and lost the statutory authority to charge the additional 1%. Another exception to the moderate growth of sales tax came in 2021 when sales tax grew by over 21% bouncing back as the economy reopened from the pandemic. Since that banner year of growth, sales tax revenues have shown moderate but declining growth each year.

Ulster County 2025 Budgeted Revenues



Change in Actual Sale Tax Receipts from Prior Year



The rise in sales tax receipts has also corresponded with a rise in our dependence on sales tax as a percentage of overall revenues. Ten years ago, sales tax revenues were 32% of our budgeted and actual revenues. Since the pandemic these numbers have been harder to predict and the growth in revenues has resulted in sales tax reaching a high of 47% of all County revenues in 2022. Last year sales tax was budgeted to be 41% of overall revenues and came in to be 42% of total budgeted revenues.

Ulster County's increasing reliance on sales tax as a revenue source makes us susceptible to economic shocks. Policy makers should keep in mind that if we were to suffer a declining economy that influenced sales tax the way it did during the Great Recession (that is an 8% decline), we could see a loss of \$14,000,000 out of a projected \$175,000,000 in revenues. This type of decline would necessitate using fund balance, which is healthy at this time, or shifting the burden to real property tax.

Budgeted and Actual Sales Tax as % of Budget

