

ULSTER COUNTY SALES TAX SHARING

**Office of the
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ULSTER COUNTY OFFICE OF THE COMPTROLLER

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The sharing of sales tax revenues by Ulster County with its municipalities has long been a topic of debate. Under state law, the City of Kingston could assess its own sales tax, but instead the City opts to join with the County in a single rate and collection. The City's authority to collect gives it a contractual right to negotiate with the County on how the sales tax revenues are shared, a right enjoyed by no other municipality in the County. The sales tax agreement between Ulster County and the City of Kingston is typically negotiated and executed every five years. During the negotiations of the last agreement, towns and villages expressed a strong interest in receiving a greater share of the sales tax collected, resulting in an additional payment for municipalities if a benchmark of sales tax revenue collections was achieved.

Normal Sharing

Ulster County shares sales tax collections with the City of Kingston and the 20 Towns and 3 Villages situated within the County. On November 12, 2020, Ulster County and the City of Kingston entered into an agreement to share sales tax as follows:

DURING THE PERIOD OF MARCH 1, 2021 THROUGH FEBRUARY 28, 2026:

- A. 85.5% of such monies shall be set aside for County purposes and shall be available for any legitimate County purpose.
- B. 11.5% of such monies shall be paid monthly directly to the City to be used by the City for any legitimate City purpose. The County shall pay such share of the monies to the City within seven (7) work days after receiving the same from the State Tax Commission.
- C. 3.0% of such monies shall be allocated monthly or otherwise as provided by law, to the area of the County outside of the City, to be distributed among the Towns therein, based upon full valuation.

The County makes sales tax sharing payments of 11.5% to the City of Kingston shortly after receiving payment from New York State. The County pays the Towns and Villages their 3% on a quarterly basis. Quarterly distribution of sales tax is a common practice for New York State Counties that share sales tax with their Towns and Villages. As can be seen above, the agreement expires in February of 2026, and a new agreement will need to be reached in 2025.

Sharing an Additional 1% of the Gross Revenues

The 2020 agreement calls for City of Kingston and Ulster County officials to meet no later than May 1 of the following year to discuss the allocation of any sales tax revenues collected in excess of \$128,561,331, which represents the amount budgeted by the County for sales tax revenues in 2020. In practice, for all years in which the agreement has been in place, the agreement has resulted in the allocation of an additional 1% of County gross sales tax revenues to the Towns and Villages based on equalized assessed value (also known as full valuation, the same method used for the normal 3% distribution).¹ For 2023 revenues, Resolution No. 355 of 2024 passed the Ulster County Legislature on June 18, 2024, authorizing the distribution of an additional 1% of gross 2023 County sales tax collections, or \$1,702,038, to the Towns and Villages. As we look towards the 2025 negotiations, it appears highly likely that the County's 2024 sales tax revenues will once again exceed the 2020 budgeted amount of \$128,561,331.

Sales Taxes and Related Revenues

Following is summary information showing the total sales tax revenues earned and distributed for the County's fiscal year 2023:

Ulster County 2023 Sales Tax Revenues and Allocations	
Gross Sales Tax Earned	170,203,796.14
Total Payments to Towns (4.0%)	6,808,151.85
Total Payments to City (11.5%)	19,573,436.57
Total Payments to Local Governments	26,381,588.42
Ulster County Retains (84.5%)	143,822,207.72
State Interest Paid to County	366,199.74
Ulster County Net Sales Tax Earnings	144,188,407.46

[1] State law specifically contemplates that the sharing of sales tax between counties and municipalities "be allocated quarterly . . . in proportion to their respective populations . . . or in such other proportion as may be agreed upon by the elective governing body of the county and of each of the cities in the county with the approval of the state comptroller." NYS Tax Law § 1262(c).

Ulster County receives monthly interest payments from New York State for the period that the State holds the County's share of sales tax collections. Ulster County interest revenues on sales tax have increased sharply over the last three years. Interest earnings were \$4,396 and \$139,143 in 2021 and 2022, respectively. These sales tax interest revenues are excluded from the allocation base that the County uses to calculate the amount of sales tax shared with other local governments. However, in the financial system of the County, and for budgeting purposes, these interest payments are included in the total sales tax earnings. When 2023's actual revenues are presented for the County's fiscal year 2025 budget, these interest revenues will be included with the amount reported as sales tax earned and will be shown as \$170,569,996.

Below is a chart showing the total 2023 sales tax sharing payments made by Ulster County:

Summary of Ulster County Sales Tax Sharing Payments For the Year January 1 to December 31, 2023				
Municipality Name	Total 3% Payments	1% Payment	Total Payments	Percentage of Total
Denning	41,063.27	13,687.75	54,751.02	0.803%
Ellenville (Village)	38,131.67	12,710.55	50,842.22	0.747%
Esopus	245,878.15	81,959.38	327,837.53	4.815%
Gardiner	260,109.36	86,703.12	346,812.48	5.094%
Hardenburgh	39,296.33	13,098.78	52,395.11	0.770%
Hurley	232,909.02	77,636.34	310,545.36	4.561%
Kingston	24,655.87	8,218.62	32,874.49	0.483%
Lloyd	289,174.00	96,391.33	385,565.33	5.663%
Marbletown	314,275.35	104,758.45	419,033.80	6.155%
Marlborough	222,716.15	74,238.72	296,954.87	4.362%
New Paltz	238,345.68	79,448.56	317,794.24	4.668%
New Paltz (Village)	87,762.17	29,254.06	117,016.23	1.719%
Olive	310,333.38	103,444.46	413,777.84	6.078%
Plattekill	214,902.70	71,634.24	286,536.94	4.209%
Rochester	281,321.72	93,773.91	375,095.63	5.510%
Rosendale	159,413.84	53,137.95	212,551.79	3.122%
Saugerties	430,058.28	143,352.76	573,411.04	8.422%
Saugerties (Village)	84,554.68	28,184.90	112,739.58	1.656%
Shandaken	197,522.79	65,840.93	263,363.72	3.868%
Shawangunk	268,722.02	89,574.01	358,296.03	5.263%
Ulster	370,230.70	123,410.23	493,640.93	7.251%
Wawarsing	266,190.91	88,730.30	354,921.21	5.213%
Woodstock	488,545.85	162,848.61	651,394.46	9.568%
Total Town & Village	5,106,113.89	1,702,037.96	6,808,151.85	100.000%
City of Kingston	19,573,436.57	N/A	19,573,436.57	
Total Sales Tax Distribution	24,679,550.46	1,702,037.96	26,381,588.42	

Our Neighbors

Most Counties in New York share some amount of sales tax with the local municipalities located within their borders. Of the 57 Counties located outside of New York City, 12 choose to share nothing with the other local governments situated within their borders. As can be seen in the following chart, 3 of the Counties that do not participate in sharing agreements border Ulster County.²

	County Retains	Allocation to Towns	Allocation to Cities
Ulster	84.500%	4.000%	11.500%
Dutchess	82.740%	9.500%	7.760%
Orange	73.616%	17.803%	8.581%
Columbia	69.160%	27.150%	3.690%
Greene	100.000%	0.000%	0.000%
Delaware	100.000%	0.000%	0.000%
Sullivan	100.000%	0.000%	0.000%

[2] <https://www.osc.ny.gov/local-government/local-sales-tax-sharing-new-york-state>

Other Counties do not all distribute sales tax to their Towns on the basis of full valuation. Neighboring Dutchess and Orange use population as the metric for sales tax allocation to their Towns.

Distributing Sales Tax Based on Population Vs. Full Valuation – What if?

If Ulster County were to distribute sales tax to its local municipalities using population rather than full valuation, the results would be as follows:

Total 2020 Ulster County Population:	181,851	Sales Tax Distribution by Population	2023 Actual Sales Tax Distribution	Difference (Population Vs Actual)
Denning Town	493	21,272.51	54,751.02	(33,478.51)
Esopus Town	9,548	411,987.64	327,837.53	84,150.11
Gardiner Town	5,610	242,066.47	346,812.48	(104,746.01)
Hardenburgh Town	221	9,535.96	52,395.11	(42,859.15)
Hurley Town	6,178	266,575.16	310,545.36	(43,970.20)
Kingston Town	933	40,258.11	32,874.49	7,383.62
Lloyd Town	11,133	480,378.97	385,565.33	94,813.64
Marbletown Town	5,658	244,137.63	419,033.80	(174,896.17)
Marlborough Town	8,712	375,914.99	296,954.87	78,960.12
New Paltz Village	7,324	316,024.03	117,016.23	199,007.80
Remainder of New Paltz Town	7,083	305,625.10	317,794.24	(12,169.14)
Olive Town	4,226	182,348.11	413,777.84	(231,429.73)
Plattekill Town	10,424	449,786.26	286,536.94	163,249.32
Rochester Town	7,272	313,780.28	375,095.63	(61,315.35)
Rosendale Town	5,782	249,488.12	212,551.79	36,936.33
Saugerties Village	3,899	168,238.35	112,739.58	55,498.77
Remainder of Saugerties Town	15,139	653,234.28	573,411.04	79,823.24
Shandaken Town	2,866	123,665.33	263,363.72	(139,698.39)
Shawangunk Town	13,563	585,231.29	358,296.03	226,935.26
Ulster Town	12,660	546,267.65	493,640.93	52,626.72
Ellenville Village	4,167	179,802.31	50,842.22	128,960.09
Remainder of Wawarsing Town	8,604	371,254.89	354,921.21	16,333.68
Woodstock Town	6,287	271,278.41	651,394.46	(380,116.05)
Total Population of Towns & Villages	157,782	6,808,151.85	6,808,151.85	
Kingston City	24,069			

A shift from the full value method of allocation to a population-based method of allocation would leave the Town of Woodstock searching for over \$380,000 to balance their budget. The Town of Shawangunk would have a windfall of over \$225,000.

Conclusion:

The Towns of Woodstock, Saugerties, and Ulster received the greatest share of the 4% of sales tax that Ulster County shared with its Towns and Villages for 2023. The Towns of Kingston, Hardenburgh, and Denning received the least. Of the three Villages, Ellenville received less than half of what Saugerties and New Paltz received. The sales tax sharing agreement that the County is currently bound by will need to be renegotiated with the City of Kingston prior to its expiration on February 28, 2026. The County is legally allowed to change the amount shared with local municipalities. Any future agreement will require the approval of the County Legislature, which has membership from all geographic locations in the County.