



# County of Erie

MARK C. POLONCARZ  
COMPTROLLER

March 31, 2011

Dear Sir or Madam:

I am writing to formally inform you of the apportionment and distribution of net collection from the four and three quarter percent (4.75%) Sales and Compensating Use Tax for Erie County for the months of December 2010, January and February 2011, as received from the State of New York.

In addition to the sharing of the 3% sales tax with cities, towns, villages and school districts, this March 31, 2011 distribution also includes the remittance of \$12,500,000 of sales tax revenue to the cities towns and villages pursuant to the Erie County Legislature's reauthorization of Erie County's one percent sales tax. These funds are required to be shared with the cities, towns and villages pursuant to the 3% formula for these entities.

In accordance with the sales tax sharing formula, our March 31, 2011 distribution was made based on 2010 Federal decennial census figures which became available in late March. Since the Buffalo Fiscal Stability Authority's intercept of the City of Buffalo's share of the sales tax monies occurred prior to the release of the 2010 census data, the intercept was based on year 2000 census data. However the figures we are reporting on the attached schedules and distributing to other governments are based on Buffalo's share using 2010 census figures.

Total 4.75% tax received and available for distribution:

	<u>ALLOCATION</u>	<u>REVENUE</u>
Total Tax Received		\$168,334,534.16
Less Correct BFSA Intercept for Buffalo		(25,920,054.69)
County of Erie	\$99,519,934.57	
School Districts	22,138,859.09	
Cities	1,202,408.46	
Cities, Towns & Villages	<u>19,553,277.35</u>	
Net	<u>\$142,414,479.47</u>	<u>\$142,414,479.47</u>

Attachment #1 details the apportionment and distribution of these net collections

### **Effect of population change on first quarter 2011 distribution of sales tax monies**

The sales tax sharing formula uses Federal decennial census population figures for determining the share of monies to distribute to the cities and towns. Villages receive a portion of their town's amount based on the proportion of full assessed value of real property in the village compared to the town. The school districts shares are based on average daily attendance figures not population.

The Cities of Buffalo, Lackawanna and Tonawanda proportionally share .10087% of the 3% sales tax monies based on population. The cities and, towns as a whole, also share .256858 of the 3% sales tax monies based on population. The distribution of the \$12.5 million from the 1% sales tax among the cities and, towns as a whole, is also based on population.

The sales tax amounts allocated to the towns as a whole are split among individual towns in one of two ways. In the first and third quarters it is based the proportion of each town's full value of assessed real property to the total full value of assessed property for all towns. In the second and fourth quarters the distribution is based on the proportion of a town's population to the total population for all the towns.

As a result of the nature of the sales tax sharing formula it is possible for a municipality, which had a decline in population, to actually experience an increase in sales tax monies. This is possible if declines in other municipalities populations had the effect of "freeing up" additional monies to be shared by others. In the case of the first quarter 2011 distribution, this is exactly what occurred. The decline in Buffalo's population and therefore Buffalo's share of the sales tax money resulted in an increase in monies available for all other cities, towns and villages.

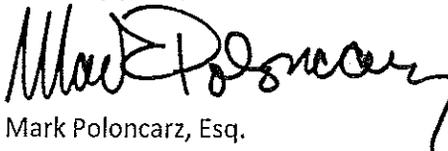
**Attachment #2 and #3** show the effect of this population adjustment on the sharing of the 3% and \$12.5 million of the 1% sales tax on this first quarter 2011 distribution by showing what the municipality would have received under the 2000 census and what they will actually receive now.

Because the three cities sales tax sharing is always based on population, the outcome of the first quarter 2011 distribution will be repeated on future distributions. Buffalo's portion of 2011 sales tax monies will be lower, and Lackawanna and Tonawanda's will be higher than in prior years.

While the outcome of the 2011 first quarter distribution showing an increase in the portion of sales tax monies to be shared by the towns will be repeated on future distributions, the fact that the formula for sharing sales tax among individual towns changes each quarter (first and third by assessed values, second and fourth by population) indicates that the outcome for a particular town (and through them their villages) will probably differ in the second quarter. When the Erie County Comptroller's Office releases the second quarter sales tax distribution to other governments on June 30, 2011 we will include a schedule similar to attachment #2 demonstrating the effect of the population change on dollars being distributed.

Accordingly, please find enclosed a check payable to your government for your portion of the 3% sharing, and in the case of towns, villages and the cities of Lackawanna and Tonawanda, for their portion of the \$12.5 million

Sincerely yours,

A handwritten signature in black ink, appearing to read "Mark Poloncarz". The signature is written in a cursive style with a large, prominent initial "M".

Mark Poloncarz, Esq.  
Erie County Comptroller

MCP/nr

Enclosures

cc: Erie County Legislature (w/ enclosures)

Erie County Fiscal Stability Authority (w/ enclosures)

Buffalo Fiscal Stability Authority (w/ enclosures)