County of Erie
MARK C. POLONCARZ
COMPTROLLER

September 14, 2009

Honorable Legislators
Erie County Legislature
92 Franklin Street, 4th Floor
Buffalo, New York 14202

Re: July 2009 Sales Tax

Dear Honorable Members:

Over the past several months I have provided your Honorable Body with periodic updates advising about the decline in sales tax receipts to the County in 2009 compared to 2008.

The County has received July 2009 sales tax data from the New York State Department of Taxation and Finance ("Taxation and Finance"). That data reveals that for sales in July 2009 the County has seen a decrease of 8.05% compared to July 2008, and this follows a reduction of 15.94% for sales made in the month of June. Through July 2009, the County's year-to-date sales tax revenue is down 5.21% or $11.6 million compared to the first seven months of 2008. The County's amended 2009 Budget projects a decrease in sales tax revenues of just over 5% compared to the adopted 2009 Budget.

For the past several months a number of county governments across the state have observed that Taxation and Finance appears to be holding on to local sales tax revenues and delaying remitting the funds to counties, possibly due to cash flow issues at the State level. Then, at the end of the quarter, Taxation and Finance remits the revenue to the counties in a final reconciliation. Based on the "up-and-down" trend for sales tax in Erie County, we believe this is occurring here also.

And, as my office has previously stated, it is safe to say that if the County was not receiving Federal Medicaid assistance under the American Recovery and Reinvestment Act we would in all likelihood be facing a significant deficit. Because the County disproportionately relies on sales tax revenue to cover our operations, close monitoring of all spending and revenues will continue to be necessary for the remainder of 2009. I will report to you as necessary on changes in the County's fiscal situation.

Sincerely yours,

Mark C. Poloncarz, Esq.
Erie County Comptroller

MCP/dt

cc: Christopher Collins, County Executive
Gregory Gach, Director of Budget and Management
Erie County Fiscal Stability Authority

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