

COUNTY OF ERIE
STEFAN I. MYCHAJLIW
COMPTROLLER

September 12th, 2013

The Honorable Erie County Legislature
92 Franklin Street
Buffalo, New York 14202

Re: July 2013 Sales Tax

Dear Honorable Legislators:

The State has notified the County of the amount of sales tax revenue for January-July 2013. Subject to small adjustments for interest, January-July 2013 sales tax was \$236,125,778.71. This compares to the total January-July of 2012 sales tax revenue to \$229,937,833.73, an increase of \$6,187,944.98 or 2.69% growth. This is far below the administration's projected growth forecast in their 2013 budget. There is a responsible concern of there being a hole in this year's budget because of the administration's overly aggressive and optimistic sales tax revenue projection.

While it is still too early to draw any conclusions on how 2013 sales tax will end, this reinforces this office's warnings and the administration's multiple public warnings about their own overly optimistic sales tax projections contained in the Poloncarz administration's 2013 budget, an increase of 3.73% over 2012 actual.

Our respective offices are on the same page concerning this issue, with the administration issuing numerous warnings about their own sales tax revenue projections:

"We are worried about some of the trends in sales tax."

Source: Erie County Deputy Budget Director Dr. Timothy Callan, Erie County Legislature Finance and Management Committee, May 2nd, 2013

"In sales tax, again, if we had to budget it over, I would have budgeted less in sales tax."

Source: Erie County Budget Director Robert Keating, Erie County Legislature Finance and Management Committee, May 2nd, 2013

"The sales tax number is an area of concern."

Source: Erie County Deputy Budget Director Dr. Timothy Callan, Erie County Legislature Finance and Management Committee, May 2nd, 2013

"(We) hope that sales tax comes in better than we expect, but right now we don't think that is going to be the case. We think the budget for sales tax this year is overly optimistic. We are not going to make budget on that."

Source: Erie County Deputy Budget Director Dr. Timothy Callan, Erie County Legislature Finance and Management Committee, March 14th, 2013

If this trend of 2.69% growth continues for the remainder of 2013, then sales tax would end below budget by \$4,264,979.

This office will continue to monitor this account, the largest revenue in the budget at \$426,033,687, closely throughout the year and will report to your Honorable Body as we receive monthly updates from the State.

Potential Budget Gaps Based on 2013 Sales Tax Growth

Actual 2013 Year-to-Date 2.69%: - \$4,264,979

1%: - \$11,206,151

2%: - \$ 7,098,948

3%: - \$ 2,991,745

3.73%: \$0

January-July 2013 Sales Tax Revenue: \$236,125,779

January-July 2012 Sales Tax Revenue: \$229,937,834

Year-to-Date Difference: + \$6,187,945 or + 2.69%

July 2013 Sales Tax Revenue: \$32,032,350

July 2012 Sales Tax Revenue: \$31,525,750

Difference: + \$506,600 or +1.61 %

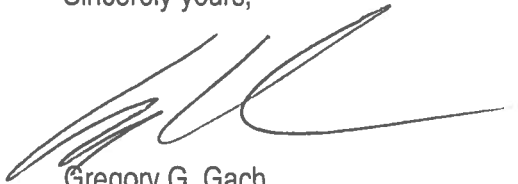
2011 Sales Tax Revenue: \$400,993,639

2012 Sales Tax Revenue: \$410,720,332

2013 Projected Sales Tax Revenue: \$426,033,687

If you have any questions, please do not hesitate contacting this office.

Sincerely yours,



Gregory G. Gach
Deputy Comptroller

cc: Mark C. Poloncarz, County Executive
Erie County Fiscal Stability Authority