



Office of Erie County Comptroller
HON. STEFAN I. MYCHAJLIW
95 Franklin Street • 11th Floor • Buffalo, New York 14202 • (716) 858-8400

Contact: **Bryan Fiume**, Chief of Staff & Associate Deputy Comptroller
Office: (716) 858-4745 Cell: (716) 830-5801 E-Mail: bryan.fiume@erie.gov

FOR IMMEDIATE RELEASE

August 18, 2016

COMPTROLLER MYCHAJLIW WARNS LEGISLATURE ON SALES TAX DECLINE AND INCREASING HOSPITAL COSTS

*Sales tax revenue decreased for the first six months of the year, while
a payment owed to the hospital could be millions of dollars higher*

(Buffalo, New York) – Erie County Comptroller Stefan I. Mychajliw sent yet another warning to the Erie County Legislature to curb spending and cut costs, considering sales tax revenue decreased for the first six months of the year, while the payment Erie County owes to Erie County Medical Center (ECMCC) is expected to increase by millions of dollars.

Overall sales tax collections for the first six months of the year, from January to June, remain down -0.19%. To date, Erie County is down \$395,134 in total collections from 2015.

In order to meet budget, Erie County's sales tax collections must grow by 3.15% or there will be a \$7,518,689 hole in the 2016 operating budget.

To make matters worse, the upcoming Intergovernmental Transfer payment owed to ECMCC could be several million dollars higher than expected. Recently, staff from the Office of Erie County Comptroller and hospital administrators met to discuss exactly what will be owed for the upcoming IGT payment. This year, the county has budgeted \$16.2 million for that payment.

"Just like the families we serve, Erie County must honor its obligations, pay our bills, and cut spending if dark days are ahead. Spending in Erie County government increased \$90 million since January 1st, 2012. Wasteful spending like \$75,000 on a plastic bag study add up and hurt the budget, especially when sales tax collections are down and hospital payments are expected to increase. It appears the county credit card is at its maximum limit. Time for the county to reduce spending and live within its means," said Comptroller Mychajliw.

In his letter to the Erie County Legislature, Comptroller Mychajliw also updated the Legislature on sales tax receipts for the month of June 2016. There was a slight 1.99% increase in revenue compared to June of 2015.

###



ERIE COUNTY COMPTROLLER
HON. STEFAN I. MYCHAJLIW

August 18, 2016

The Honorable
Erie County Legislature
92 Franklin Street – 4th Floor
Buffalo, NY 14202

RE: Sales Tax Remains Down Year to Date / IGT Payment Expected to Increase

Dear Honorable Members:

As I routinely do, I am writing to update you on the status of sales tax revenue collections. For the month of June 2016, there was a slight 1.99% increase in revenue compared to June of 2015. While revenue growth is good, overall collections for the year remain down -0.19%. To date, we are down \$395,134 in total collections from 2015.

Considering the budget was passed factoring in that sales tax would grow by 1.53%, and it remains down year to date, I am very concerned. In order to meet budget, our collections will need to grow by 3.15% or we will face a \$7,518,689 hole in the 2016 operating budget.

Recently, my staff and I met with administrators from the hospital and our budget office to discuss the upcoming intergovernmental transfer payment owed to ECMCC. This year, the county has budgeted \$16.2 million for that payment. Both the hospital and the administration were reluctant to provide information on this year's payment, but indicated it would be several million dollars higher.

Pair this news with that of sales tax not meeting budget and thus far declining year over year, and the county has a significant fiscal challenge to resolve in the next few months. I have been persistent and consistent in warning your honorable body about the necessity to curb spending and for the county to live within its means. Spending has been increased at an alarming rate since January, 2012: an additional \$90 million. As Comptroller, I remain ready and willing to assist you with solutions to this upcoming problem.

Sincerely,

STEFAN I. MYCHAJLIW
Erie County Comptroller