



Sales Tax Slump Continues

Poloncarz Administration predicted 3.73% annual growth from 2012 to 2013. Actual growth for the first seven months of the year is 2.69%. That represents a \$4.2 million hole in this year's budget

(Buffalo) – Erie County Comptroller Stefan I. Mychajliw is reporting January 2013 - July 2013 sales tax revenue for Erie County to be \$236,125,779. That represents year-to-date sales tax revenue growth of only 2.69% for the first seven months of the year. The actual sales tax growth for the first seven months of the year falls far short of the administration's overly optimistic and aggressive projection of 3.73% growth.

Administration's projected Year-To-Date growth: 3.73%

Actual Year-To-Date Growth for seven months: 2.69%

There will be significant gaps in this year's budget if the Poloncarz administration falls short of its annual sales tax revenue growth projection of 3.73%. If sales tax revenue continued to grow at the pace at which it has for the first seven months of the year, it would create over a \$4.2 million hole in the 2013 budget.

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

Over the next five months **sales tax revenue must grow 5.0% for the remainder of the year** in order for the administration to reach their own overly optimistic projection of receiving \$426,033,687 for 2013.

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

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

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

The year-to-date sales tax revenue growth for the first seven months of 2013 (January-July) is 2.69%.

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

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

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

The budget gap figures comes on the heels of the Office of Erie County Comptroller releasing actual revenues received for July 2013 sales tax:

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

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

Difference: + \$506,600 or + 1.63%

The Offices of Erie County Comptroller and the Erie County Executive are on the same page concerning this issue, with the administration publicly presenting numerous warnings about their own sales tax revenue projections:

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

Source: Erie County Senior Budget Consultant 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 Senior Budget Consultant 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 Senior Budget Consultant Timothy Callan, Erie County Legislature Finance and Management Committee, March 14th, 2013

"These numbers are not good. We are seven months into the year, and actual sales tax revenue is nowhere near what the administration predicted. The Office of Erie County Comptroller and Wall Street have been consistent in our responsible warnings that relying heavily on sales tax revenue is risky."

"The administration should have lived within its means, spent responsibly in the budget, and not made such overly aggressive projections on sales tax revenue. It would have better to be conservative in sales tax revenue projections, rather than be in the position the administration put us in. An over \$4.2 million potential gap is significant," said Erie County Comptroller Stefan I. Mychajliw.

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