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Area Towns' Share of Tax Money Grows

by Adam Zaremski

It may seem hard to enjoy the sales tax when purchasing an item, but more of the money collected by the county's portion will be returning to area towns. And for this year, local municipalities and school district's sales tax revenue for the first quarter increased because of a population decrease in the City of Buffalo.

Based on a formula and agreement from 1977, the 4.75 percent Erie County tax is paid out four times a year, alternating each quarter between the value of assessed property or population in a specific region, between towns, villages and school districts. As those figures change, so does the disbursement. While the 2010 census showed most of the region declined in population, the biggest loss was in Buffalo.

"Buffalo's massive decline resulted in an increase in our own sales tax revenue," Holland Town Supervisor Michael Kasprzyk said.

Erie County Comptroller Mark Poloncarz noted in a press release that because the city had the largest decline, it absorbed the revenue loss that would have been spread out to other areas that lost population. Also, Buffalo, Lackawanna and Tonawanda always receive payments based on population, not assessed value, so local governments may see an increase in other quarter payments.

The first quarter generated \$168.3 million in sales tax for the county, the press release stated. A little more than half stays with the county government, while the rest, about \$81.2 million, is spread out to the towns, villages and schools, based on assessed property value for this quarter. Nearly an extra \$1 million was divided among those groups because of the loss in Buffalo.

The towns of Aurora, Elma, Holland, Marilla and Wales all saw a bounce in sales tax revenue. Elma and Wales each saw the highest increase over the previous year at this time, both receiving nearly 11 percent more. Elma earned about \$510,000 and Wales brought in \$113,000. The extra revenue also is more in line with what was received before the down turn in the economy.

"This year brings us back to where we were in 2008, prior to the recession type years," Marilla Supervisor George Gertz said. "The revenue sharing went down dramatically in that time."

In the last two years, his town was about \$31,000 below its high in yearly sales tax revenue. If this year's start continues, Marilla should be above last year's projected \$651,000 total.

Payments are also up this quarter for the Town of Aurora by eight percent, which received a first-quarter payment of \$316,273.

The local school districts of East Aurora, Holland and Iroquois will also see an increase, even though the average student population is down, which is how the school district formula is based.

The money is a significant source of revenue for all communities, used in the general or highway funds. For a town like Holland, it can cover a fourth of the general fund costs. In other areas, such as the tri-towns of Elma, Marilla and Wales, it can mean there is no town tax, and other rates are kept low.

"[Sales tax] sharing is the largest reason we don't have a general town tax. It is everything and it's very closely monitored," Elma Supervisor Michael Nolan said. "We have also supplemented the sales tax for those increases [in highway department expenses]."

Each year Nolan has allocated more sales tax money into the highway fund, the only other place that money can be

distributed other than the general fund. From 1999 to 2006 about \$300,000 was placed into highway department. It jumped to \$800,000 in 2008, though the town was earning more money overall at that time, and was at \$732,000 last year.

While happy with the increased funding so far for the year, Nolan commented that Buffalo losing money did not necessarily benefit the area.

“So goes Buffalo, so goes the rest of us... they need to succeed. Our people work there, everything centers around Buffalo,” he said.