



ERIE COUNTY COMPTROLLER
HON. STEFAN I. MYCHAJLIW

June 15, 2016

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

RE: Update on County Finances

Dear Honorable Members:

Earlier this month, I submitted to you an overview of sales tax collections from January through March, 2016. As you recall, the 2016 budget forecast sales tax revenue to increase 1.5%. Through March, I reported that it appeared that revenues were on pace to decrease 0.73% for 2016, which would result in sales tax revenues missing projections by over \$8.5 million.

I take this opportunity to update you with revenues received for April, 2016. The update, I am sorry to report, is not good. Sales tax revenues continue to not just miss budget, but to actually decrease when compared to last year. Sales tax revenues for April, 2016 decreased 3.24% from April 2015. For the first four months of the year, sales tax has decreased 0.34% compared to 2015. Excluding the extra day of revenue in February, sales tax has decreased 1.35% compared to 2015. If this trend continues, and accounting for the extra day of revenue in February, sales tax for the year will come in **\$11.2 million** short of budget. Preliminary numbers for the month of May are consistent with this concerning trend. These facts must be considered as you monitor and adjust the budget throughout the rest of the year.

I have attached to this correspondence a chart which outlines sales tax revenues since 1993. Notably, sales tax revenue has decreased only three times year-to-year since 1993. The decrease in 2009 occurred during what is frequently referred to as "the Great Recession." Despite claims by some that the economy is strengthening, this does not appear to be consistent with the sales tax data in Erie County for the first four months of this year. The decrease in revenues in 2004 was resolved the following year with the implementation of an additional .25% sales tax. I do not believe that there is an appetite at this time for tax increases, nor do I support them. As such, your honorable body may wish to revisit and evaluate certain spending decisions to maintain a balanced budget.

In addition to monitoring the budget this year to ensure that spending does not exceed revenue, your honorable body must also keep in mind how future budgets may be impacted. You may want to discuss the impact of decreased sales tax revenues extensively during your mid-year budget hearings next month, if not sooner. I will be present to answer any questions you may have of me regarding this issue. In the meantime, should you need further assistance, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stefan I. Mychajliw', followed by a horizontal line and two dots.

STEFAN I. MYCHAJLIW
Erie County Comptroller

YEAR	3% COUNTY SHARE	1% SALES TAX	Total County Share Sales Tax	\$ Change	% Change
1993	91,231,476.93	86,413,692.85	177,645,169.78		
1994	96,461,856.12	90,617,571.34	187,079,427.46	9,434,257.68	5.311%
1995	99,944,292.25	94,384,074.54	194,328,366.79	7,248,939.33	3.875%
1996	103,402,973.85	97,610,220.43	201,013,194.28	6,684,827.49	3.440%
1997	105,597,395.84	99,716,838.02	205,314,233.86	4,301,039.58	2.140%
1998	103,691,966.58	98,009,975.49	201,701,942.07	(3,612,291.79)	-1.759%
1999	113,120,634.88	106,845,711.04	219,966,345.92	18,264,403.85	9.055%
2000	118,728,313.65	112,067,314.90	230,795,628.55	10,829,282.63	4.923%
2001	120,012,022.49	113,486,953.24	233,498,975.73	2,703,347.18	1.171%
2002	120,481,561.50	113,526,622.02	234,008,183.52	509,207.79	0.218%
2003	127,665,342.24	120,489,365.35	248,154,707.59	14,146,524.07	6.045%
2004	127,650,428.00	120,422,959.00	248,073,387.00	(81,320.59)	-0.033%
2005	132,439,318.31	125,018,611.63	257,457,929.94	9,384,542.94	3.783%
2006	134,694,087.00	127,146,025.00	261,840,112.00	4,382,182.06	1.702%
2007	143,736,747.90	135,689,925.89	279,426,673.79	17,586,561.79	6.717%
2008	146,339,483.00	138,153,502.62	284,492,985.62	5,066,311.83	1.813%
2009	141,681,684.00	133,751,199.00	275,432,883.00	(9,060,102.62)	-3.185%
2010	144,933,929.97	136,815,643.70	281,749,573.67	6,316,690.67	2.293%
2011	151,242,861.25	142,788,237.78	294,031,099.03	12,281,525.36	4.359%
2012	154,977,543.49	146,319,454.18	301,296,997.67	7,265,898.64	2.471%
2013	158,430,836.53	149,581,543.67	308,012,380.20	6,715,382.53	2.229%
2014	162,605,805.75	153,522,887.10	316,128,692.85	8,116,312.65	2.635%
2015	165,056,318.39	155,836,894.71	320,893,213.10	4,764,520.25	1.507%