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ERIE COUNTY COMPTROLLER
HON. STEFAN I. MYCHAJLIW

July 26, 2016

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

RE: Update on Sales Tax Revenue / ECMCC - IGT Payment Reminder

Dear Honorable Members:

I am writing again to update your honorable body on the status of sales tax revenue collections in Erie County. Last time I wrote to you, I cautioned you that mid-May numbers were trending significantly below budget and would decline year over year. My office has received final numbers for May from the State, and those concerns were realized.

As of the conclusion of May 2016, Erie County's sales tax revenue collections are down 0.61% from last year. If this trend continues throughout the year, this would mark only the second time in the last ten years that collections have decreased year over year. It would also put Erie County on pace to miss budget by \$9,353,963.

The 2016 budget was adopted with an assumption that sales tax revenue would increase by +1.53%, but actual numbers show a decline in 2016 of -0.61%. As I have said before, at the time that number was presented, it was reasonable. However, as elected leaders we need the courage to respond to changes in our economy that are not within our control, and this includes managing our budget's response to a sluggish Canadian economy that has decimated cross-border traffic and spending.

I am also very concerned about the fiscal impact of this year's intergovernmental transfer payment to Erie County Medical Center Corporation. Your honorable body did not approve the County Executive's request for an additional \$5 million in the year end budget balancing amendments, but many members have acknowledged that they know the expense is coming. Waiting on approval was a prudent decision. The funding source remains intact and early approval would have done nothing to decrease the cost. I write to remind the Legislature that the bill will soon come due, and all indications show that it will be significantly over budget.

As always, should you have any questions about this letter, please feel free to contact my office at 858-8400. I look forward to discussing it at an upcoming Finance & Management Committee Meeting.

Sincerely,

STEFAN I. MYCHAJLIW
Erie County Comptroller