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COUNTY OF ERIE

MARK C. POLONCARZ

COUNTY EXECUTIVE

The Honorable Governor Andrew Cuomo
The Honorable NYS Senate Majority Leader John Flanagan
The Honorable NYS Assembly Majority Leader Carl Heastie

June 22, 2017

Dear Governor Cuomo and Leaders Flanagan and Heastie,

I am writing today to express my grave concern about recent New York State Senate and Assembly actions concerning sales tax extenders, an issue with serious fiscal ramifications for every county in New York State. As you know, sales taxes are a critical source of revenue for all counties and are indispensable to every county's budget. Sales tax extensions have been approved without fanfare in past years and have provided a reliable and consistent way to keep property taxes low across the state, which residents count on and governmental offices rely on for accurate budget forecasting. You can imagine my dismay when the NYS Legislature adjourned its 2017 Legislative Session this week without agreeing to extend current county sales tax rates, a move that would result in millions of dollars in lost revenue for Erie County and have sweeping negative effects.

Analysis of the issue by the Erie County Office of Budget and Management is sobering and reveals the depth to which we will be affected if the current sales tax rate is not extended. If no action is taken, Erie County anticipates lost revenue of \$24 million in December 2017 alone and recurring annual revenue losses of \$266.2 million going forward. The loss of this funding would have an immediate negative effect on multiple county programs and would force drastic reductions in funding for road repairs, anti-opioid efforts, libraries, arts and cultural organizations, the Sheriff's road patrol, parks, and many more county-provided services. It would also incur hardship on the many municipalities that depend on sharing sales tax revenues with the county, with an anticipated annual revenue loss of \$12.5 million for them. This would mean severe cutbacks in cities, towns, villages, and school districts across Erie County.

In addition, the loss of this sales tax revenue and these vital programs would be exacerbated by a forced, corresponding rise in the county property tax rate. In order to make up the amount of revenue lost, Erie County would need to raise our property tax rate by \$4.84 per thousand dollars of assessed value, nearly doubling our tax rate from the current \$4.94 per thousand to \$9.78 per thousand. Currently local governments are working with Erie County to find ways to reduce taxes through our shared services panel. However, if this loss of sales tax revenue does take effect all municipalities in Erie County will be forced to significantly raise property taxes, rendering our joint efforts to reduce taxes a waste of time and moot.

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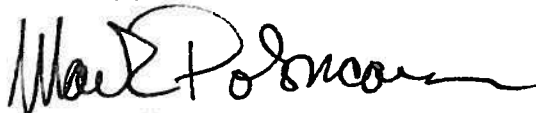
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It is also disturbing that the sales tax extender issue has been tied to a completely separate and unrelated New York City issue, which unnecessarily penalizes thousands of Erie County citizens and millions of New Yorkers who live outside the city and have nothing to do with its operations. This short-sighted political move has far-reaching deleterious effects, some of which I have described here, and should be immediately reconsidered for the financial good of Erie and all New York counties. To do otherwise is to willfully, capriciously and unnecessarily force debilitating budget shortfalls on counties across the state.

My administration has worked hard over the past 6 years to budget wisely and lower our tax rate to its current rate, hard work which would be wasted if no action is taken to extend the sales tax and preserve the gains we have made.

Therefore, I urge all state leaders to come together to resolve this issue as soon as possible. We have seen tremendous progress in Erie County over the past several years, progress that would come to a halt if this potentially crushing tax burden is allowed to be placed on our shoulders. I, along with the residents of Erie County, thank you for your immediate re-consideration of this critical matter.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Mark C. Poloncarz', with a stylized flourish at the end.

Mark C. Poloncarz, Esq.
Erie County Executive

MCP/pa

Cc: Members of the Erie County Senate Delegation
Members of the Erie County Assembly Delegation
Members of the Erie County Legislature
Members of the County Executives Association of New York State
New York State Association of Counties