ERIE COUNTY COMPTROLLER
HON. STEFAN I. MYCHAJLIW

April 20, 2020

Honorable Erie County Legislators
Erie County Legislature
92 Franklin Street, 4th Floor
Buffalo, NY 14202

Dear Honorable Members:

One month ago, on March 20th, 2020, I wrote to inform you what the fiscal impact would be of 10%, 20%, 30%, 40% and 50% reductions in year-to-year sales tax revenue. For the period of March through June 2020, such a decrease would result in a $15,991,637 to $79,958,184 loss in revenue. As I have stated, such revenue declines are significant and steps must be taken to address such shortfalls. This letter serves as an update to that correspondence from last month.

I loudly sounded the alarm back on March 20th. Now, a growing number of elected officials, here at home and at the state level, are finally joining the chorus. We cannot cut our way out of such a drastic loss of sales tax revenue. The negative ramifications on a massive drop in sales tax revenue would be catastrophic.

At the time, I stated that it was difficult to determine the exact impact that COVID-19 social distancing mandates would have on sales tax. Some think that the impact on sales tax revenue could even be greater than 50%. Westchester County, whose population is similar to that of Erie County, is preparing for a loss of sales tax revenue of $90 million - $160 million. Los Angeles County in California is preparing for a 50% - 75% decline in sales tax revenue.

Locally and statewide, elected officials have now expressed similar sentiment:

"The state now has about a $15 billion deficit, somewhere between a $10 and $15 billion dollar deficit. I don't have any funding to do what I normally do. I normally fund schools. You'll see a 50% cut in education. You'll see a cut to hospitals, in the midst of all of this."

Source: Governor Andrew Cuomo, April 19, 2020

"We are talking about, based on estimates from the federal government and national economists, that Erie County could lose upwards of $140 million dollars of revenues. This is significant. It's greater than what we have in our piggy bank."

Source: Erie County Executive Mark Poloncarz, April 17, 2020

"Buffalo's need for federal funding is critical and urgent."

Source: Buffalo Common Council Member Christopher Scanlon, April 18, 2020

"The current crisis is straining local state and federal governments far beyond what we initially predicted. The precipitous drop in economic activity has cratered sales tax, income tax, and even property taxes, while the demands on government are causing the spending side to balloon. We must help stabilize all levels of government, or it will further threaten the delivery of vital services."

Source: U.S. Representative Tom Reed, USA Today, April 13, 2020

As such, I am informing your honorable body of the impact of an 80% decline in sales tax revenue. If sales tax revenue declines by 80% for the period March through June, 2020, the loss of revenue will be $127,933,095 compared to last year. I use March 2019 figures to provide an easier basis to compare the information in my March 20, 2020 letter and because we have not yet received the final sales tax revenue figures for March. Of course, this is not to suggest that sales tax will then suddenly resume at or above last year's levels. It could take a longer period of time for the economy to recover from COVID-19 effects.

The federal government has provided financial assistance in an amount well over $2 trillion in three separate bills dealing with the COVID-19 pandemic. It is currently working on a fourth, which is speculated to assist small businesses and hospitals. It seems clear that without federal assistance, many local governments, including Erie County, will find themselves in dire financial straits. Additional economic assistance is needed from the federal government. Further, federal assistance may or may not fully compensate Erie County government for the devasting fiscal impact of COVID-19. As such, I implore the Legislature to plan for budgetary adjustments based on a variety of economic scenarios. All efforts must be taken to maintain a balanced budget in 2020.

I am also recommending a multi-partisan effort of all elected officials within Erie County government, Republicans, Democrats and Conservatives to join together in a unified voice to petition the federal government for budgetary relief. If we do not receive this funding to offset the expected loss of sales tax revenue, the consequences will be catastrophic to our programs, services and county employees.

This was confirmed by the County Executive's comments last week:

"I thought it was fair to continue to pay and provide them (county employees) healthcare. But if this continued for a substantial amount of time, we are going to be faced with a very difficult choice which includes targeted cuts to programs, including most of our discretionary programs, except for just some of the basic ones that we have to provide. And also, some layoffs. I am hopeful we do not have to do that."

Source: Erie County Executive Mark Poloncarz, April 17, 2020

I have already written letters to United States Senators Charles Schumer and Kirsten Gillibrand and every single member of the House of Representatives in New York State. I encourage you to do the same. I am also open and willing to sign a joint letter from every single elected official within Erie County government, if there is an appetite to do so.

As always, if you have any questions or need further information, please do not hesitate to contact me. My telephone number is (716) 858-8404, and I can also be reached via email at comptroller@erie.gov.

Sincerely,

Hon. Stefan I. Mychajliw, Jr.
Erie County Comptroller

Municipality	Total Record 2019 (March - June Sales)	10% Potential Loss	20% Potential Loss	30% Potential Loss	40% Potential Loss	50% Potential Loss	60% Potential Loss	70% Potential Loss	80% Potential Loss
City of Buffalo Public Schools	$ 16,377,984.04	$ (1,637,798.40)	$ (3,275,596.81)	$ (4,913,395.21)	$ (6,551,193.62)	$ (8,188,992.02)	$ (9,826,790.42)	$ (11,464,588.83)	$ (13,102,387.23)
City of Lackawanna S.D.	$ 987,601.34								
City of Tonawanda School	$ 630,219.28								
Akron Central School Dist.	$ 429,607.04								
Alden Central School Dist.	$ 640,756.30								
Amherst Central School Dist.	$ 1,202,463.88								
Cheektowaga Central S.D.	$ 840,028.25								
Cheektowaga-Maryvale U.F.S.D.	$ 770,951.75								
Cheektowaga-Sloan U.F.S.D.	$ 557,020.69								
Clarence Central School Dist.	$ 1,817,172.63								
Cleveland Hill U.F.S.D.	$ 521,456.15								
Depew U.F.S.D.	$ 754,126.23								
East Aurora U.F.S.D.	$ 736,752.78								
Eden Central School Dist.	$ 538,365.97								
Frontier Central School Dist.	$ 1,931,372.87								
Gowanda Central School Dist.	$ 255,653.45								
Grand Island School Dist.	$ 1,182,852.37								
Hamburg Central School Dist.	$ 1,360,784.73								
Holland Central School Dist.	$ 325,088.21								
Iroquois Central School Dist.	$ 892,675.44								
Kenmore/Tonawanda U.F.S.D.	$ 2,876,476.36								
Evans-Brant Central School Dist.	$ 927,249.49								
Lancaster Central School Dist.	$ 2,248,111.58								
North Collins Central S.D.	$ 246,132.19								
Orchard Park Central S.D.	$ 1,966,094.49								
Springville-Griffith Institution	$ 643,862.61								
Sweethome C.S.D. of Amherst/Ton.	$ 1,307,446.33								
West Seneca Central School Dist.	$ 2,604,907.79								
Williamsville Central School	$ 3,910,946.37								
Yorkshire-Pioneer Central	$ 53,060.23								
Total Buffalo	$ 27,640,929.21								
Total Lackawanna	$ 1,918,924.27								
Total Tonawanda	$ 1,600,425.81								
Town, Alden	$ 342,957.69								
Town, Amherst	$ 5,799,590.87								
Town, Aurora	$ 474,110.99								
Town, Boston	$ 387,764.42								
Town, Brant	$ 121,405.11								
Town, Cheektowaga	$ 3,235,010.31								
Town, Clarence	$ 1,884,375.54								
Town, Colden	$ 169,893.30								
Town, Collins	$ 214,490.27								
Town, Concord	$ 244,017.34								
Town, Eden	$ 357,415.33								
Town, Elma	$ 670,391.19								
Town, Evans	$ 642,321.72								
Town, Grand Island	$ 1,031,465.10								
Town, Hamburg	$ 2,204,691.44								
Town, Holland	$ 157,839.93								
Town, Lancaster	$ 1,499,641.66								
Town, Marilla	$ 268,768.93								
Town, Newstead	$ 309,446.59								
Town, North Collins	$ 116,907.47								
Town, Orchard Park	$ 1,461,168.10								
Town, Sardinia	$ 136,887.98								
Town, Tonawanda	$ 2,701,067.10								
Town, Wales	$ 159,125.78								
Town, West Seneca	$ 2,014,628.73								
Alden - Town, Alden	$ 114,061.66								
Williamsville - Town, Amherst	$ 268,759.13								
East Aurora - Town, Aurora	$ 303,050.30								
Franham - Town, Brant	$ 12,810.49								
Depew - Town, Cheektowaga	$ 379,327.54								
Sloan - Town, Cheektowaga	$ 83,621.03								
Williamsville - Town, Cheektowaga	$ 1,486.63								
Gowanda - Town, Collins	$ 36,987.45								
Springville - Town, Concord	$ 153,387.28								
Angola - Town, Evans	$ 61,364.95								
Blasdell - Town, Hamburg	$ 80,608.24								
Hamburg - Town, Hamburg	$ 396,944.01								
Depew - Town, Lancaster	$ 206,735.58								
Lancaster - Town, Lancaster	$ 309,840.78								
Akron - Town, Newstead	$ 96,630.33								
North Collins - Town, North Collins	$ 33,171.29								
Orchard Park - Town, Orchard Park	$ 147,996.60								
Kenmore - Town, Tonawanda	$ 520,186.55								