



ERIE COUNTY COMPTROLLER HON. STEFAN I. MYCHAJLIW

April 8, 2020

Hon. Brian Higgins
House of Representatives - District 26
2459 Rayburn House Office Building
Washington, D.C. 20515

Congressman Higgins,

On behalf of the families throughout Erie County thank you for your efforts securing \$159 million in funds for direct COVID-19 expenses via the CARES Act. This revenue stream will help cover any unexpected costs Erie County will incur that are Coronavirus related. The stimulus package will also greatly benefit struggling families, especially where one or both income generators have lost their job.

However, I am very concerned that CARES Act is missing one of the most important components needed for Erie County government's recovery: assistance covering anticipated loss of sales tax revenue in the months ahead.

Right now, our government can pay its bills for just a few months. We currently have approximately \$175 million cash on hand. The serious issue we face is the upcoming loss of sales tax revenue, as people stay home and businesses remain closed. Same goes for the loss of hotel occupancy tax revenue, mortgage tax revenue and transfer tax revenue, which pays for road repairs.

Sales tax revenue is our largest source of revenue and we are reliant on it to balance our budget every year. If our share of sales tax collections drops by just 10 percent between March and June, a very conservative number, we would lose almost \$16 million (\$15,991,636) of budgeted operating revenue. If the drop is 50 percent from the same time period, we are looking at a loss of almost \$80 million (\$79,958,184).

Once again, we are very grateful to receive the initial \$159 million in aid for COVID-19 expenses. But as the legislation is written, we cannot use those funds for what will be our biggest need: offset the anticipated loss of sales tax revenue.

If we don't get relief for the loss of sales tax revenue, "at best" we could be forced to borrow at exorbitantly high interest rates. This will further exacerbate the situation. "At worst" we would be forced to make draconian cuts that would decimate the services we provide.

As you prepare another stimulus package, please include direct aid to offset the massive loss of sales tax revenue to balance our budget and avoid massive cuts. As Congress works together to put forth a more comprehensive stimulus than H.R.748, it must provide relief for losses in revenue like sales tax revenue, which greatly benefits state and local governments, as well as school districts.

To put things in perspective on how devastating those cuts could be, we might have to balance our budget by cutting funding to all cultural institutions (\$6,944,610), libraries (\$25,409,158), parks (\$6,776,118), infrastructure repair on roads (\$15,339,104), and Public Safety through Sherriff's funding (\$30,627,049). These devastating cuts would be just to offset the potential loss of sales tax revenue between the months of March and June. The losses could be worse.

Please keep this in mind when making Erie County and counties across New York State whole due to the potential loss of sales tax revenue, which is in fact directly related to the Coronavirus outbreak.

On behalf of the municipalities throughout New York State, I thank you for your attention to this matter. If my office can be of further assistance please contact me directly at (716) 858-8400.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Stefan I. Mychajliw', with a long horizontal flourish extending to the left.

STEFAN I. MYCHAJLIW
Erie County Comptroller