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ERIE COUNTY COMPTROLLER

Friday, October 12, 2018 – For immediate release

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ROARING ECONOMY AND TRUMP TAX CUTS COMBINE TO CUSHION COUNTY BUDGET WITH EXTRA CASH

Despite declining Canadian car crossings and fewer shoppers, strength of national economy and federal tax cuts bolsters sales tax revenue in Erie County

(ERIE COUNTY, NY) - The combination of a roaring economy and President Trump’s tax cuts kick started and then boosted the Erie County economy and propped up its budget, according to a data driven report released by Erie County Comptroller Stefan I. Mychajliw Jr. Despite a significant drop in Canadian bridge traffic going back almost 20 years, more taxpayers are spending money locally, which strengthened Erie County government’s largest source of revenue: sales tax revenue.

On the heels of Erie County Executive Mark Poloncarz publicly releasing his proposed 2019 budget, Erie County Comptroller Stefan I. Mychajliw released his analysis of revenue estimates and the reasonableness of that budget proposal.

“Facts are stubborn things. The data is clear. On behalf of the taxpayers of Erie County, I thank President Trump for invigorating the economy. This led to higher sales tax revenue, which is money we share with school districts, towns and villages. Federal tax cuts worked. It put more money in the pockets of already over-taxed Erie County families. Instead of big government getting more money, President Trump gave it back to the taxpayers. These desperately needed tax cuts created a big spike in sales tax revenue. It helped balance our Erie County budget this year, and is projected to do the same next year,” said Erie County Comptroller Stefan I. Mychajliw, who also noted a massive increase of government spending since Mark Poloncarz became Erie County Executive on January 1st, 2012.

Since 2012, government spending increased more than \$177 million dollars and families paid \$42 million more in Erie County property taxes.

“Big government spending is out of control under the Poloncarz administration. Instead of cutting taxes and giving families money back the way President Trump did, Mark Poloncarz expanded big government and his ‘friends and family’ plan. Keep in mind, Mark Poloncarz wants to give himself a raise. Families won’t be fooled. Instead of increasing his own pay and drastically increasing government spending, Mark Poloncarz should provide families deep and meaningful tax cuts. Instead, his focus is giving himself a pay raise while hard working families bear the brunt of his big government spending,” added Comptroller Mychajliw.

As for sales tax revenue, it continues to steadily climb thanks to federal tax cuts. 2018 actuals are showing an increase of 4.53 percent in collections, which has revenue outpacing the 2018 budget by \$5,769,979.

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Included in his comprehensive, Charter mandated report that was due to the Erie County Legislature by October 15th, Comptroller Mychajliw shared data that shows Canadian bridge traffic coming into the United States is down almost 18-percent going back to the year 2012. This shows fewer Canadian shoppers spending money in Erie County and generating sales tax revenue.

Bridge traffic between the United States and Canada has dropped 35 percent from 2000 to 2017. In 2000, 6,797,735 vehicles crossed the Peace Bridge, compared to 4,116,994 in 2017, a drop of 39.44 percent. The Rainbow Bridge saw a decline of 41.04 percent with 4,177,918 vehicles crossing in 2000 and just 2,463,467 in 2017. The Lewiston-Queenston had 3,462,491 vehicles cross in 2000 and only 2,505,198 in 2017, a decrease of 27.65 percent.

"Historically, our economy relied on Canadian shoppers to boost our sales tax. This data clearly shows that bridge traffic is down. However, thanks to a stronger economy and the federal tax cuts, we are seeing a huge increase in local sales tax, which is the county's largest revenue." Comptroller Mychajliw added.

In his report, Comptroller Mychajliw also noted that the annual pension payment from Erie County to New York State has steadily declined and held steady. Because the stock and bond markets are performing extremely well, the amount of revenue pouring into the NYS Pension Fund has increased, which means the bill should, again, be lower for County government in 2019. However, the County Executive budgeted \$32,090,256 for 2019, an increase of \$2,965,726 or 10.2 percent. This could suggest that personnel related expenses are going up but the Comptroller's report only opines on revenues and has not seen expenses.

"I wonder why it appears as though the County Executive is 'padding the budget.' The strong stock market performance has directly benefited the budget of Erie County government in the past few years. The current economy, under the leadership of President Trump, should continue to benefit county taxpayers with a lower pension bill, relieving the financial burden placed on Erie County. Don't forget, on October 3, the DOW closed at a record high. It is 10,000 points higher than it was in October five short years ago. Mark Poloncarz will need to explain why he is predicting that our pension payment will increase more than 10% when all factors associated with it indicate it should go down," concluded Mychajliw.

At this same time, unemployment dropped nationally to 3.7 percent, the lowest level in at least ten years. In Erie County, the unemployment rate is 4.2 percent which has dropped from 8.9 percent (January 2013). Nationally, African American (6.5%) and Hispanic (4.5%) unemployment rates are also at or near record lows. The unemployment rate for women also dropped to 4.1%.

"Our economy is growing quickly. Thanks to President Trump, more people are working again. Our Gross Domestic Product (GDP) increased at an annual rate of 4.2 percent. Consumer spending in the United States is increasing. Data proves there is a direct link between our roaring national economy and a positive impact on the Erie County budget," said Comptroller Mychajliw.

An additional indicator that Erie County's economy is improving is the noticeable shift in sub-prime credit scores. According to the US Federal Housing Finance Agency, between 2000 and 2010 more than 30 percent of Erie County residents had a credit score under 660, and that has decreased to 21 percent, which shows that people's personal finances are getting stronger.

The report also shares concerning data for the local economy. Despite job growth and low unemployment, data shows the largest wage growth of 8.2 percent in Erie County was in government.

In his report to the Legislature, Comptroller Mychajliw also highlighted that the County Executive did not provide the projections for property tax revenue in 2019, which is required by Charter. By not doing so, the County Executive hindered the Comptroller's Office's ability to fully opine on the budget estimates for revenue.

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