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COVID-19 CRATERS ERIE COUNTY SALES TAX REVENUE

Final sales tax revenues were down in 2020 as budget takes a hit due to COVID closures

(ERIE COUNTY, NY) – Government mandated coronavirus closures hurt small businesses, which subsequently led to a \$13 million drop in sales tax revenue for Erie County government in 2020, compared to the year before. This is the first time since 2009 that year to date sales tax revenue decreased in Erie County government.

Final sales tax revenue figures are into the Office of Erie County Comptroller for this past year. The Erie County share sales tax revenue for 2020 totaled \$477,449,549.37, compared to \$490,511,300.08 for 2019. These final numbers show sales tax receipts are down a total of 2.66% from 2019. The approximate year to year drop in sales tax revenue from 2020 compared to 2019 was \$13,061,750.71.

“There are negative consequences to government mandated COVID-19 shutdowns. It destroyed small businesses across Erie County. Bars, restaurants, gyms, and salons were negatively impacted by coronavirus closures. This in turn decimated sales tax revenue for Erie County government,” said Erie County Comptroller Stefan I. Mychajliw Jr.

Even more troubling is that sales tax revenue decreased in the month of December, when store sales were expected to spike because of the Christmas shopping season.

Sales tax revenue collections for December 2020 were down more than 6% from the same period in 2019. Final sales tax revenue for December of last year was \$39,420,848.79.

For December 2019, the amount of sales tax revenue that came into Erie County was \$42,153,731.86. This equates to a 6.48% loss in sales tax revenue, or \$2,732,883.07 for December 2020.

“December is often looked at as a month where we make up for sales tax drops in other months. The holiday shopping season typically gives a jolt to our economy. Business owners rely on that boost, as well. To see that sales tax receipts were down 6.5% in December is an indicator of how small businesses here in Erie County are struggling during this pandemic,” said Comptroller Mychajliw.

The first three months of 2020, before the pandemic's impact hit Erie County, this region saw sales tax collections increase, which contributed to final 2020 numbers being not as troubling as some projections indicated. However, New York State has announced that it will begin intercepting some sales tax revenue typically intended for municipalities and school districts to pay for distressed hospital aid.

In the past, that aid was taken from a general fund for struggling hospitals and nursing homes. This new policy will negatively impact the amount of sales tax dollars local governments receive in 2021.

"In the short term, government finances are going to get worse before they get better. COVID closures forced on businesses by New York State and Erie County will further negatively impact our finances. We will continue to monitor those sales tax receipts and keep Erie County lawmakers apprised of where we are," concluded Comptroller Mychajliw.

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