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ERIE COUNTY COMPTROLLER

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COMPTROLLER MYCHAJLIW: CRIPPLED ECONOMY LEADS TO DRASTIC DROP IN HOTEL OCCUPANCY TAX REVENUE

Hotels struggling due to COVID-19, as Erie County loses significant revenue

(ERIE COUNTY, NY) – Erie County Comptroller Stefan I. Mychajliw, Jr. notified the Erie County Legislature that revenue collected from the bed tax is down 54% from this time last year. So far this year for the period of January 1st to June 30th, Erie County collected \$2,184,729.82 in Hotel Occupancy Tax.

During the same time period in 2019, \$4,751,639.29 was collected. That's a decline of \$2,566,909.47. In the second quarter alone at the height of the COVID-19 pandemic, for the months April, May and June, Erie County brought in just \$564,095.55 in the commonly called "bed tax." The initial goal of this tax is to collect revenue mostly from out of town visitors and not those living in Erie County.

"This revenue shortfall is troubling. Hotels are struggling. Because of COVID-19 the state has all but shut down travel. Many events that would typically draw visitors here have been canceled. Many hotels remain empty. That is damaging for the local economy and our budget," said Comptroller Mychajliw.

Because of the many challenges facing area hotels, the Erie County Comptroller's Office is waiving penalties for hotels that request to make late payments of their hotel tax. However, by law the Comptroller's Office cannot waive interest accrued due to late payments.

"Now more than ever, government should not punish businesses that are struggling. The last thing the private sector needs is big government piling on an already difficult situation. Our goal is to do what we can to help businesses stay afloat," said Comptroller Mychajliw.

Another consequence of the struggling travel industry is Visit Buffalo Niagara. Each year they receive about \$3.5 million in bed tax dollars, as is provided for in the Erie County budget for 2020. In a typical year that computes to approximately 31% of bed tax collected in a year. This year, that allotment accounts for a significant higher percentage of the bed tax collected. But empty hotel rooms equate to less money being spent in the community. The adopted 2020 Erie County budget projected Hotel Occupancy Tax collections for this year to be \$11,600,000.

"I am consistently keeping lawmakers updated on our financial picture. Sales tax revenue is down. Bed tax revenue is down. My office will continue to provide lawmakers with needed information and do all we can to help local businesses trying to get by during this tough time," concluded Comptroller Mychajliw.

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