



STEFAN I. MYCHAJLIW

ERIE COUNTY COMPTROLLER

January 27, 2021

Hon. James Shaw
Town of Hamburg
S-6100 South Park Avenue
Hamburg, NY 14075

Dear Supervisor Shaw,

As we begin 2021, I am contacting you with some concerning news from New York State. A budgetary decision was made by the state to use sales tax funding originally meant for school districts and municipalities to help close a billion-dollar New York State budget gap. Keep in mind NYS faced a \$6 billion deficit *before* the Coronavirus crisis. According to an analysis completed by my office, unfortunately your Town will see a reduction in sales tax totaling \$78,946.89 this year. This was strictly a decision from Gov. Cuomo and local lawmakers that represent your area.

There is a state distressed hospital aid program known as the Distressed Provider Assistance Account. In the past, New York State would fund that program directly from the state's general fund. However, going forward, New York State lawmakers have chosen to fund that program by intercepting sales tax dollars to all municipalities and school districts. State lawmakers have diverted tax dollars from your Town.

According to NYS Comptroller Tom DiNapoli's office, "Part ZZ of Chapter 56 of the Laws of 2020 amends New York State Tax Law Section 1261 to direct the Office of the State Comptroller to withhold sales tax collections in the aggregate amount of \$50 million from counties outside of New York City..." The state says those collections will be placed into a New York Agency Trust Fund, Distressed Provider Assistance Account, annually, for two years.

With NYS facing myriad budget issues of their own doing, lawmakers have chosen to implement this program with the February sales tax distribution, which will mean this will have a negative impact on the sales tax Erie County distributes in the end of March, 2021.

I encourage you to contact your State Assembly and Senate members. Respectfully ask them to reallocate your tax dollars back to your Town. State lawmakers cannot continue to pass their challenges on to local governments, which have been decimated financially by the pandemic and forced COVID closures. The loss of that revenue stream is unfair to towns, villages, and school districts.

I appreciate your efforts in working through the challenges the worldwide pandemic has brought to your community. I realize this news from New York State will have another harmful impact on your budget. I hope that going forward, our state leaders will take that into consideration as you continue to face many fiscal hurdles.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stefan I. Mychajliw, Jr.", is written over a blue circular stamp.

Stefan I. Mychajliw, Jr.
Erie County Comptroller