



ERIE COUNTY COMPTROLLER
HON. STEFAN I. MYCHAJLIW

March 16, 2020

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

RE: Coronavirus Financial Impact on Local Governments in Erie County

Dear Supervisor Shaw,

This has been a challenging time for you and your community. The circumstances are quite unprecedented. I greatly appreciate your patience as our government works to determine what the proper next steps are in dealing with the coronavirus. Unfortunately, there will most certainly be a negative impact to bed tax and sales tax revenue, and as such, it will influence your bottom line.

As Erie County Comptroller I want to assure you that we are closely monitoring those figures. I will regularly keep you apprised as to where we are in sales tax receipts versus projections for this point in the year. As soon as my office has data, I will compile it and share it with you.

Just today, Governor Andrew Cuomo ordered that crowd capacity must be reduced to 50. Restaurants, bars, movie theatres, and casinos must close at 8pm. Restaurants and bars will only be able to do take out or delivery. This will result in far less sales tax revenue being generated here in Erie County.

Erie County lawmakers based 2020 budgeting on sales tax revenue projections totaling \$491,338,760 for this year. On a positive note, January, 2020 sales tax numbers are in and they came in higher than anticipated.

Erie County ended January \$1,596,279.65 higher compared to 2019 year to date. That is a change of 4.81% for the same period. This results in \$24,010,267.79 being distributed to local governments, which is nearly \$1.67 million higher than budgeted. However, that was before the full impact of coronavirus became real.

What we need to anticipate going forward is that sales tax revenue generated not only from restaurants, bars, and entertainment will decrease significantly, but gas tax receipts will, as well.

Oil prices have gone down dramatically. If people are not driving to these destinations, or spending their gasoline savings on entertainment etc., then we will likely see a big reduction there, as well.

The tourism industry is also reeling from the impact of COVID-19. Visit Buffalo Niagara relies on bed tax dollars to help promote our region. In 2019, Erie County received \$11,953,350 in bed tax revenue. Of that, \$3,559,738 went to Visit Buffalo Niagara to help tell the story of Western New York and attract visitors here from all over the world. It is expected that revenue will also be down considerably from prior years. First quarter receipts are expected by the end of the month.

Again, as the level of concern increases, the call for social distancing and government efforts to mitigate and prevent the spread of this virus moves forward, it is possible those sales tax figures will dramatically decrease. I want to assure you that my office will continue to keep you informed so that you will have the most recent information available to you. The data more than likely will be devastating. That being said, I will update you regularly to allow you to plan accordingly. I understand you will likely have to manage your budget with less sales tax revenue or bed tax revenue than you anticipated.

I want to thank you for your patience and your efforts in working through these challenging times. As we work collaboratively to ensure the health and safety of people across Erie County I know there is a great deal of uncertainty. My office stands ready to assist you in navigating these difficult financial times. Together we will get through this.

Sincerely,



Hon. Stefan I. Mychajliw
Erie County Comptroller