

## Erie County Sales Tax

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### What is the Erie County sales tax?

The Erie County sales tax rate is 8.75%.<sup>1</sup> It is a general sales and compensating use tax which is levied on all taxable retail sales in Erie County.<sup>2</sup>

### How is the Erie County sales tax allocated?

Of the total 8.75% tax collected by the State of New York, 4% is retained as State revenue and 4.75% is returned to the County.<sup>3</sup> The county tax base rate is 3%. However, Erie County has received authorization to add an additional 1% in 1985, and then an additional 0.75% in 2005-2006.



### How is the 4.75% tax allocated within Erie County?

- 1.75% goes to the County, except for a lump sum of \$12.5 million which is shared with local municipalities, pursuant to State legislation first passed in 2006.
- The remaining 3% is distributed among the County, local municipalities and school districts in the County pursuant to the sales tax sharing agreement.<sup>4</sup>

### How is the Erie County Sales Tax Distributed?

The 3% county base tax that is distributed among the County, local municipalities and school districts is broken down in several ways:<sup>5</sup>

- The County retains 35.3055%.
- 10.0087 % is allocated on the basis of population to the Cities of Buffalo, Lackawanna and Tonawanda
- 25.6858% is divided among the Cities of Buffalo, Lackawanna, Tonawanda **and the towns** on the basis of population.

- 29% is divided among all the 29 school districts in Erie County on the basis of the average daily attendance of public school pupils.

The amount belonging to the towns is divided on an alternating basis of Full Value and Population. Full value is used to distribute the money for the quarters beginning January 1 and July 1. The money allocated for the quarters beginning October 1 and April 1 is distributed on the basis of population.

“Villages receive a portion of the town amount based on the ratios that the full valuation of real property in such village, or portion thereof within the town and the full valuation of real property in the portion of the town outside of such village or villages, respectively bear to the aggregate full valuation of the entire town.

### **Where did the additional 1% Sales Tax come from?**

From 1985 through 2006, Erie County annually received authorization from the New York State Legislature and its Governor to assess an additional 1% sales tax to the base county sales tax of 3%.<sup>6</sup> During that time all of the proceeds of the additional 1% sales tax were retained by the county.

In 2006, the County was required by the New York State Legislature to adopt legislation. This legislation required that the county share \$12.5 million in revenue from the additional 1% sales tax with the cities, towns and villages in Erie County. That legislation was renewed by the State Legislature at the request of the County Legislature and County Executive in 2008. The sales tax sharing of \$12.5 million is in place to continue through 2010. Currently, unless there is additional future reauthorization, the 1% sales tax expires on November 30, 2010.<sup>7</sup>

### **Where did the additional .75% Sales Tax come from?**

In June 2005, pursuant to Home Rule Requests of the Erie County Legislature and the approval of legislation by the New York State Legislature and Governor, an additional 0.25% sales tax was instituted for County purposes.<sup>8</sup>

In November of 2005, the Erie County Legislature approved an additional 0.5% sales tax for County purposes.<sup>9</sup> That 0.5% sales tax started on January





Capital District  
Albany- 4%  
Columbia- 4%  
Greene- 4%  
Rensselaer- 4%  
Saratoga- 3%  
Schenectady- 4%  
Warren- 3%  
Washington- 3%

Finger Lakes  
Genesee- 4%  
Livingston- 4%  
Monroe- 4%  
Ontario- 3.125%  
Orleans- 4%  
Seneca- 4%  
Wayne- 4%  
Wyoming- 4%  
Yates- 4%

North County  
Clinton- 4%  
Essex- 3.75%  
Franklin- 4%  
Jefferson- 3.75%  
Lewis- 3.75%  
St. Lawrence- 3%

Central New York  
Cayuga- 4%  
Cortland- 4%  
Madison- 4%  
Onondaga- 4%  
Oswego- 4%  
Lower Hudson Valley  
Rockland- 4%  
Westchester- 3%

Mid-Hudson Valley  
Dutchess- 3.75%  
Orange- 3.75%  
Putnam- 4%  
Sullivan- 4%  
Ulster- 4%

Western New York  
Allegany- 4.5%  
Cattaraugus- 4%  
Chautauqua- 3.75%  
**Erie- 4.75%**  
Niagara 4%

Long Island  
Nassau- 4.25%  
Suffolk- 4.25%  
Mohawk Valley  
Fulton- 4%  
Hamilton- 3%  
Herkimer- 4.25%  
Montgomery- 4%  
Oneida- 4.75%  
Schoharie- 4%

Southern Tier  
Broome- 4%  
Chemung- 4%  
Chenango- 4%  
Delaware- 4%  
Osteo- 4%  
Schuyler- 4%  
Steuben- 4%  
Tioga- 4%  
Tompkins- 4%

### **What is the projected future for the Erie County Sales Tax?**

Based on the current state of the economy, it is most likely New York may see a slowdown in the growth in sales tax revenues.<sup>26</sup> Strong growth in the housing market early in the decade spurred a surge in new construction, building permits, and housing-related purchases.<sup>27</sup> However, this growth has slowed dramatically. A slower economy will affect State and local governments in 3 ways:<sup>28</sup>

- Lowering the sales tax revenue available to governments
- Depleting “rainy day” reserves
- Causing underperformance of locally driven revenues dependent on economic activity such as building permits, fees, and realty transfer fees.



Currently, 43 counties in New York share their sales tax revenues with other local governments within their jurisdiction.<sup>29</sup>

### **What are issues raised by sales tax as opposed to other types of tax?**

The Erie County Sales tax is a general sales and compensating use tax which is levied on all taxable retail sales in Erie County. If the sales tax were to increase again in Erie County, residents may be encouraged to do their purchasing in neighboring counties where the sales tax is lower.

Sales tax revenues can be economically sensitive.<sup>30</sup> It is necessary to use conservative budget forecasting techniques in a recession in order to help avoid shortfalls in revenue projections.<sup>31</sup> This is of importance as the current economy is in a state of recession.

A common complaint about the sales tax is that since it is not a progressive tax like income tax (i.e., the more money you make, the higher tax rate you pay), it hurts poor individuals the most. Sales tax is generally considered even more regressive than property taxes, which means that Erie County's decision to raise sales tax rather than property tax during the budget crisis most likely affected those individuals with lower incomes the most.<sup>32</sup>



### **How Can I find out more information on the Erie County Sales Tax?**

For more information, contact:<sup>33</sup>

Erie County Comptroller's Office  
Room #1100 Rath Bldg.  
95 Franklin Street  
Buffalo, New York 14202-3971  
Phone: (716) 858-8400  
FAX: (716) 858-8507

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- <sup>1</sup> Erie County Comptroller's Office: Sales and Use Tax Distribution, Mark C. Poloncarz, Comptroller: April 2009. [http://www.erie.gov/comptroller/tax\\_distribution.asp](http://www.erie.gov/comptroller/tax_distribution.asp).
- <sup>2</sup> *Id.*
- <sup>3</sup> *Id.*
- <sup>4</sup> *Id.*
- <sup>5</sup> *Id.*
- <sup>6</sup> *Id.*
- <sup>7</sup> *Id.*
- <sup>8</sup> Sales and Use Tax *supra* note 1.
- <sup>9</sup> *Id.*
- <sup>10</sup> *Id.*
- <sup>11</sup> *Id.* at 15.
- <sup>12</sup> Office of the New York State Comptroller, Division of Local Government and School Accountability: "New York State County Sales Tax Collection by Region" Thomas DiNapoli, State Comptroller, July 2008 p. 11. <http://www.osc.state.ny.us/localgov/pubs/research/08salestax.pdf>
- <sup>13</sup> *Id.*
- <sup>14</sup> *Id.* at 12.
- <sup>15</sup> *Id.*
- <sup>16</sup> *Id.* at 10.
- <sup>17</sup> *Id.*
- <sup>18</sup> "Erie County Sees Significant Reduction in Sales Tax Receipts in 2009: Comptroller Also Confirms 2008 Addition to Fund Budget" Mark C. Poloncarz, March 16, 2009 <http://www.erie.gov/comptroller/press/pr031609.asp>
- <sup>19</sup> *Id.*
- <sup>20</sup> *Id.*
- <sup>21</sup> *Id.* at 6.
- <sup>22</sup> *Id.*
- <sup>23</sup> *Id.*
- <sup>24</sup> Division of Local Gov. *supra* note 15 at 6.
- <sup>25</sup> *Id.*
- <sup>26</sup> *Id.* at 8.
- <sup>27</sup> *Id.*
- <sup>28</sup> CreditWeek. April 2, 2008. *The Global Authority on Credit Quality* p. 14.
- <sup>29</sup> Division of Local Gov. *supra* note 15 at 9.
- <sup>30</sup> *Id.* at 10.
- <sup>31</sup> *Id.*
- <sup>32</sup> Sam Magavern, "Local Government: A Citizen's Tool Kit" SUNY Buffalo School of Law, April 17, 2009.
- <sup>33</sup> Sales and Use Tax *supra* note 1.