



## State withholding county sales tax revenue Greene County slated to lose almost \$600,000

*By Andrea Macko  
Porcupine Soup*

CATSKILL—New Yorkers are the most tax burdened Americans in the nation. Now, the state is delivering what the New York State Association of Counties (NYSAC) is calling “the next fiscal gut punch for county taxpayers.”

David Lucas, who serves as NYSAC’s director of finance and intergovernmental affairs, said the latest state policies “essentially confiscate local sales tax revenue and diverts it to the state to fill self-inflicted holes in the state’s financial plan.”

Greene County Legislature Chair Pat Linger (R-New Baltimore) said the state is withholding about \$600,000 in local sales tax revenue from Greene County. Sales tax is Greene County’s biggest source of revenue, he noted.

When Greene County adopted its \$112.6 million 2021 budget on November 18, sales tax revenue for 2020 was about 3% higher than the same time last year and the county is on track to collect the \$32.2 million before year end.

For 2021, Greene County is projected to bring in \$1.1 million more in sales tax than in 2020, but New York State will keep \$600,000 before it even gets to Greene County, essentially leaving \$500,000 added to the budget.

“We have lost almost \$600,000 simply because the state signed something into law,” said Linger.

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New York withholds the money to fund two separate state programs. The first is for Assistance and Incentives to Municipalities (AIM), while the second supports a new fund for distressed hospitals.

AIM has been part of the state budget for many years and provides state aid to all of New York's cities, except New York City, and 137 towns and villages. In 2021, it totals \$656 million. But back in 2019 the state decided that 20 percent of AIM would be covered through a portion of county sales tax revenue. For Greene County, this year's price tag is \$247,000.

New York's Distressed Hospital Fund is intended to help fiscally stressed hospitals and nursing homes. Greene County's share is \$350,000 in generated sales tax revenue that is not coming back.

"With health care facilities receiving significant federal help, and local governments left to fend for themselves, counties are asking state lawmakers to abandon this diversion of scarce sales tax dollars to hospitals who are receiving aid from the federal government, and let it remain with local governments who aren't receiving any such aid," said Lucas.

"Combined, counties are starting down more than \$1.3 billion in revenue losses this year," Lucas explained. "To put this in perspective, the entire county property tax levy for all 57 counties is about \$5.5 billion. The lost revenue represents 24 percent of the current county levy."

"This budgetary sleight of hand has effectively raised the state sales tax from 4 percent to 4.1 percent while reducing the local sales tax for a typical county from 4 percent to 3.9 percent," Lucas continued. "If state lawmakers continue to take county sales tax revenue to pay for state mandates and to bail out their overspending, on top of the billions in county property tax dollars that are swallowed up each year by the State to pay for state mandated programs and services, counties will have even less control over how their local revenues are spent."

And, Lucas added, "as if those two factors were not enough to challenge a county budget, the state is leveling a 20% cut to counties as it scrambles to close its own \$15 billion budget gap. These cuts translate to a loss of \$635 million in state reimbursement for programs the county already delivered and paid for."

But despite the blows delivered by Albany, Greene County lawmakers were able to adopt a 2021 budget that does not increase the total amount to be raised by property taxes, Linger said.

Over the years, the county's sales tax reserve fund has grown to \$7.5 million, of which only \$2.5 million will be applied to the 2021 budget.

Additionally, a June 2019 U.S. Supreme Court decision requires internet sales tax to be collected in the location that the item is shipped to, not where it is shipped from. Internet sales in Greene County have gone from 15th to 4th in overall revenue ranking since March, the county reported.

"Our legislators and county leaders have done an excellent job holding the line on expenses and continuing to provide essential services during a quite challenging time," Linger said, adding that he is "thankful that the fiscal stewardship of 10 years of sales tax revenue surpluses has contributed to a healthy reserve fund to help us through."

Linger specifically credited Greene County Economic Development for working with local businesses during the pandemic shutdowns.

"The only thing keeping counties afloat right now is years of prudent budgeting that allowed them to save for a rainy day," said Lucas.



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