

The League of Women Voters of Buffalo/Niagara



Sales Tax Consensus

Erie County Sales Tax

- Currently (in 2013), a general sales and compensating use tax of 8.75 percent is levied on all taxable retail sales in Erie County.
- Of the total 8.75 percent tax collected by New York State, 4 percent is retained as State revenue and 4.75 percent is returned to the County.

- Of Erie County's 4.75 percent, 1.75 percent is retained exclusively by the County for County purposes, with the exception of the sharing of \$12.5 million with cities, towns, and villages (but not school districts) based on population required by the state legislature.
- The remaining 3 percent is distributed among the County, local municipalities, and school districts in the County pursuant to the 1977 sales tax sharing agreement.

Distribution Formula for the 3%

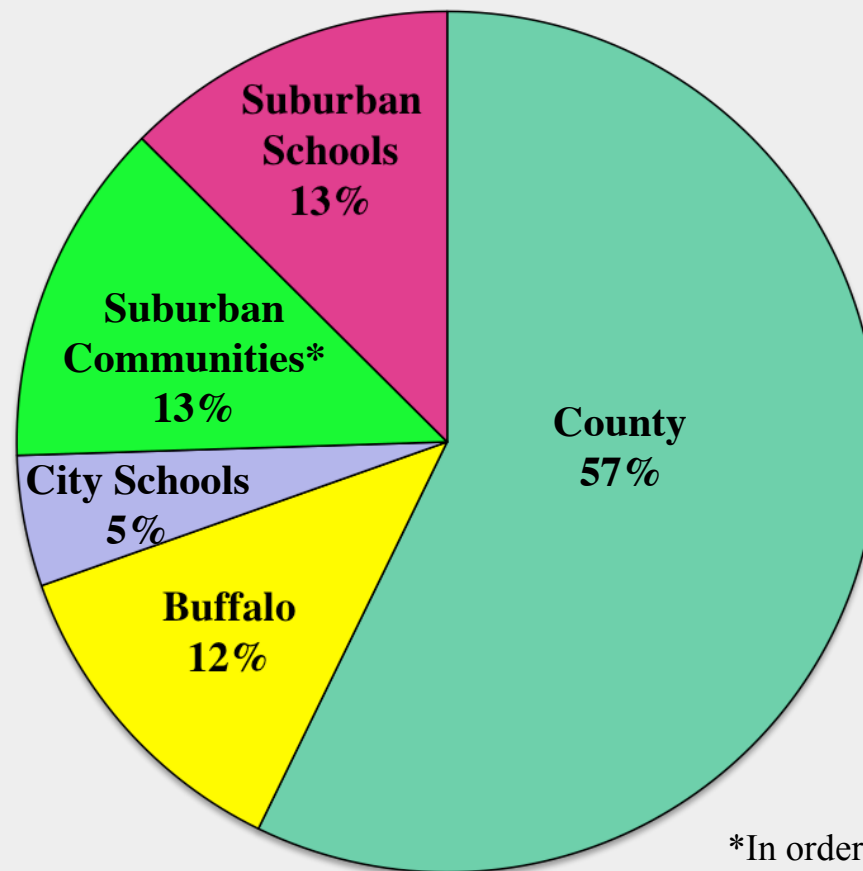
(According to the 1977 Agreement)

- The County retains 35.3055%.
- 10.0087% is allocated to the Cities of Buffalo, Lackawanna and Tonawanda on the basis of population.
- 25.6858% is divided among the Cities of Buffalo, Lackawanna, Tonawanda and the towns. It is distributed quarterly on an alternating basis of full value and population.

- Villages receive a proportionate share of the amount distributed to the towns.
- 29% is divided among all the school districts with territory in the County on the basis of the average daily attendance of public school pupils who are residents of the County.

How the EC Sales Tax Was Distributed in 2011 (More than \$694 Million)

(Data from the Office of the State Comptroller at http://www.osc.state.ny.us/localgov/datanstat/findata/index_choice.htm)

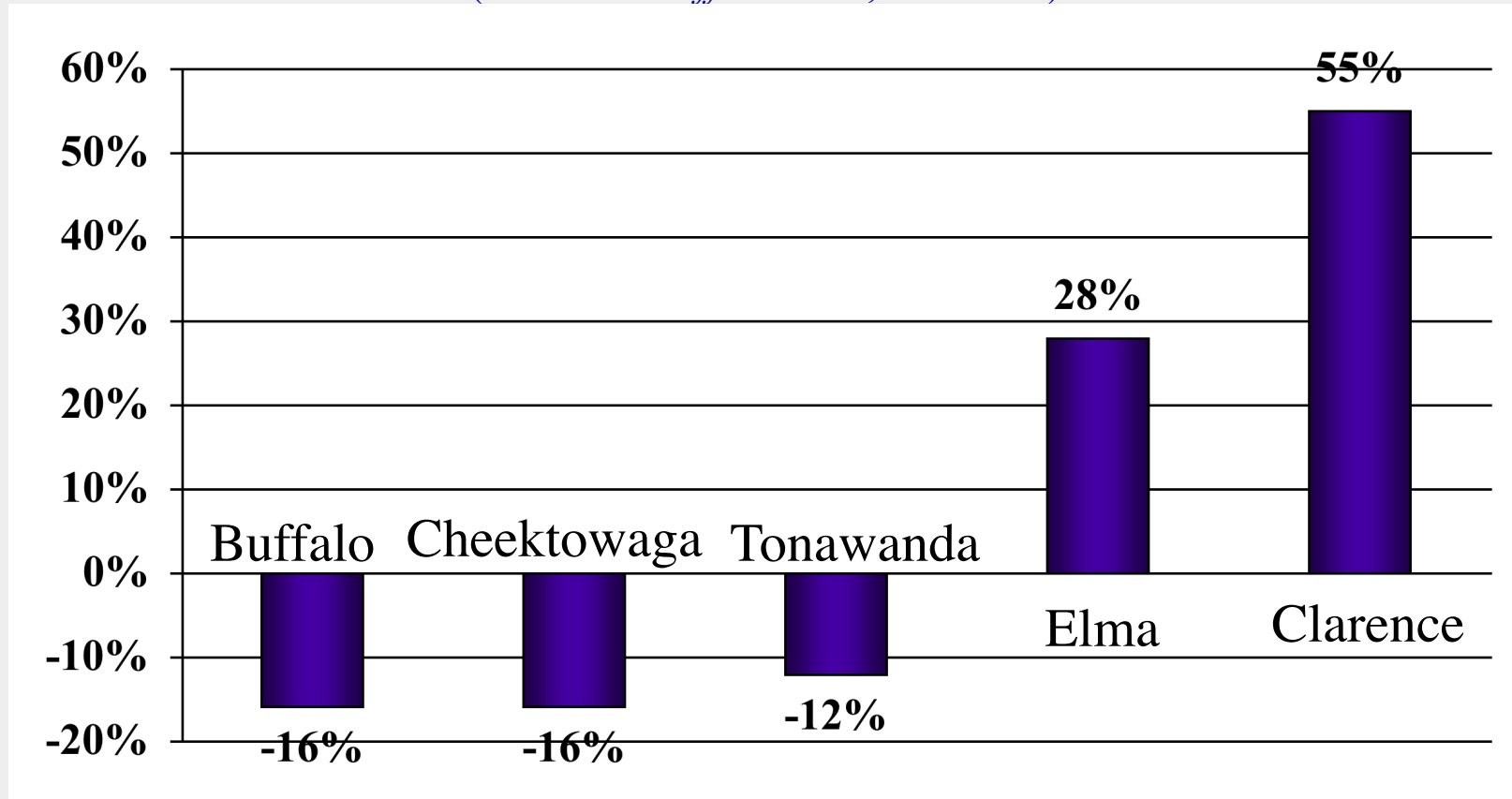


*In order to clarify Buffalo's share, the other two cities in Erie County, Tonawanda and Lackawanna, have been included in the Suburban Community figures.

Who's gaining and who's losing?

Percentage Change in Amount of Sales Tax
Received Between 1976 and 1999

(Data from *Buffalo News*, 6/23/2002)

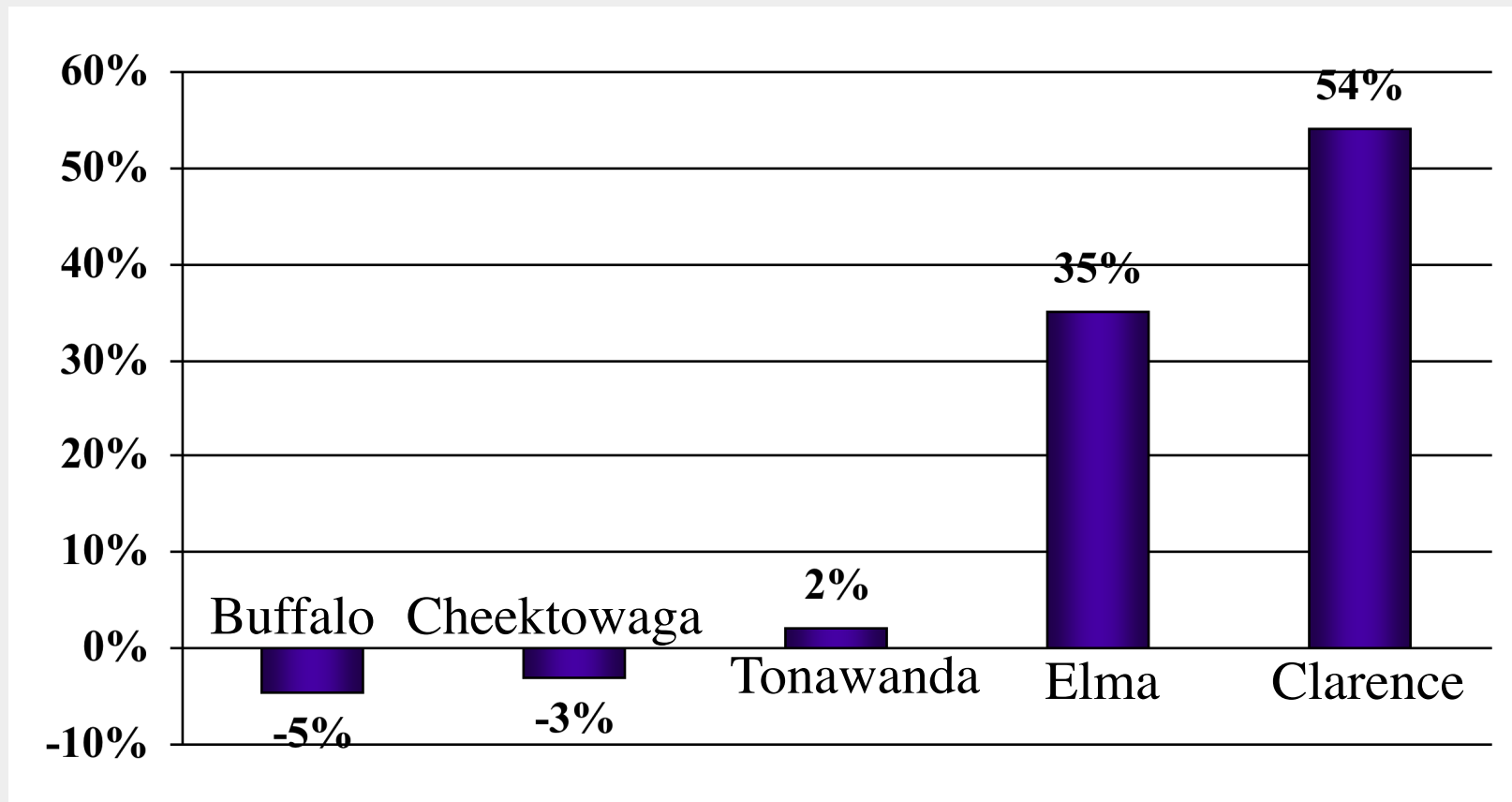


(Changes resulting from changes in population and full value of taxable property)

Who's gaining and who's losing?

Percentage Change in Amount of Sales Tax Received Between 1999 and 2011

(Data from the Office of the State Comptroller at http://www.osc.state.ny.us/localgov/datanstat/findata/index_choice.htm)
(1999 dollars converted to 2011 dollars to correct for inflation at <http://data.bls.gov/cgi-bin/cpicalc.pl>)

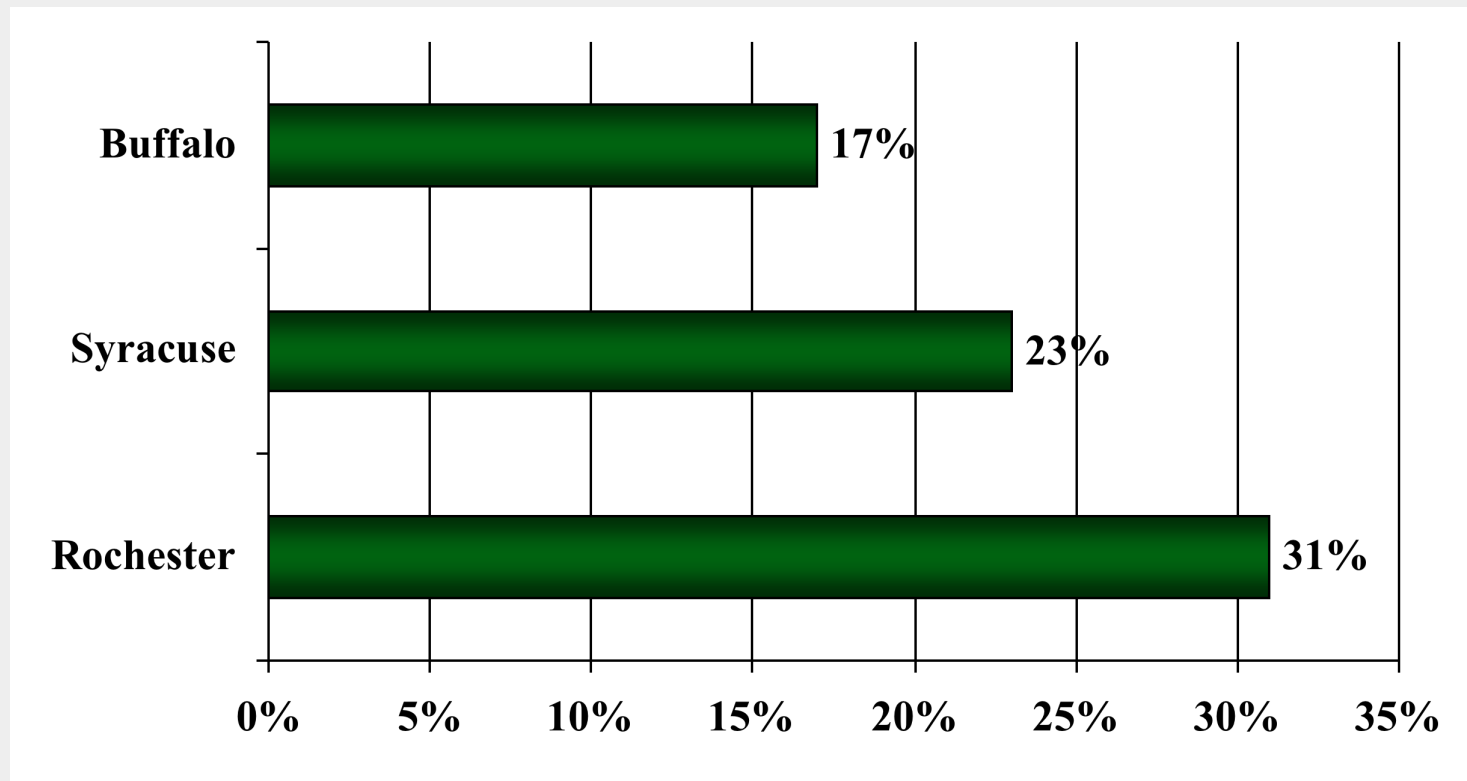


(Changes resulting from changes in population and full value of taxable property)

How does Buffalo compare with Syracuse and Rochester?

The Percentage of Its County's Sales Tax Received by Each City and Its Schools in 2011

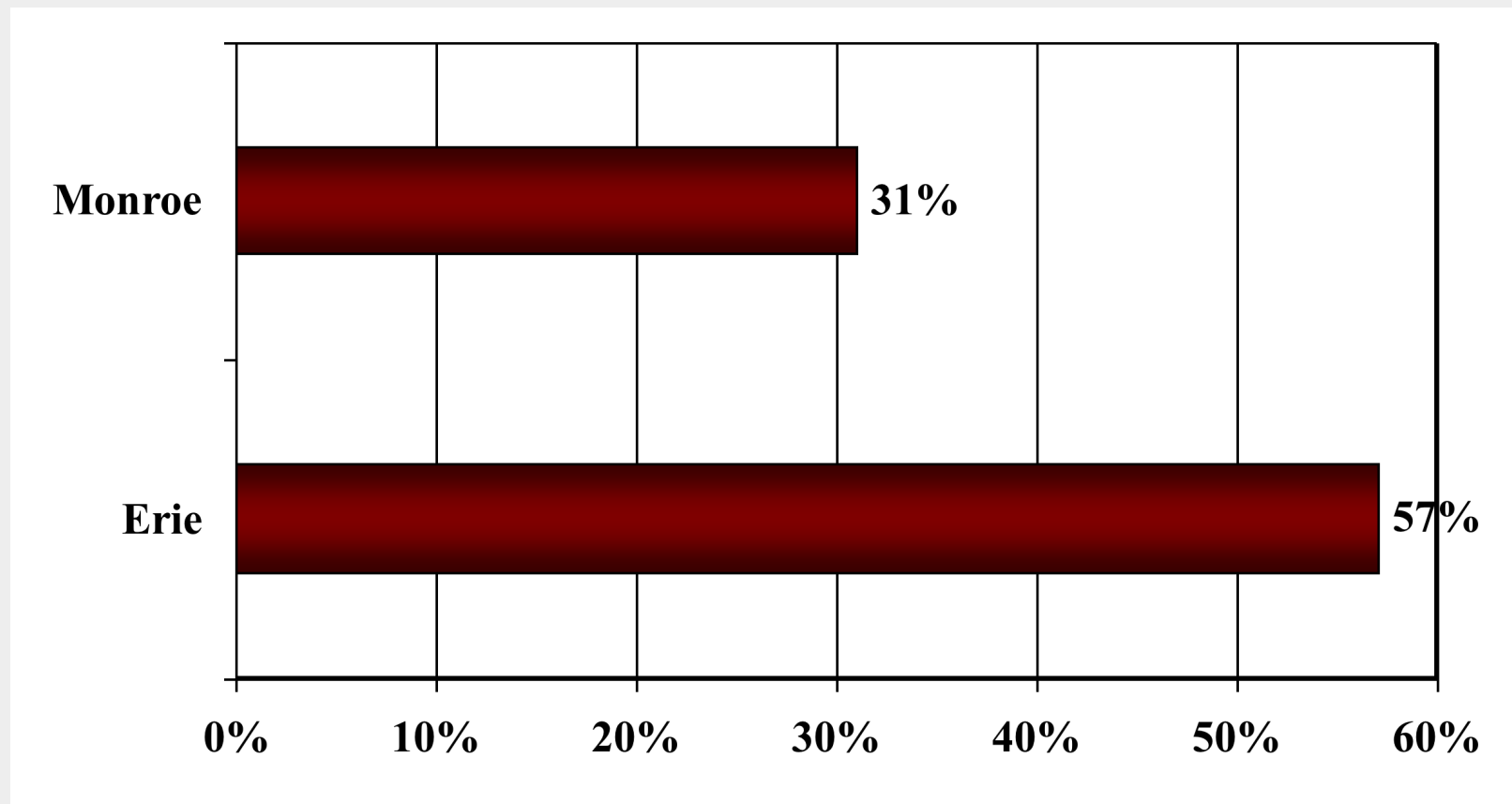
(Data from the Office of the State Comptroller at http://www.osc.state.ny.us/localgov/datanstat/findata/index_choice.htm and <http://www.monroecounty.gov/Image/2011%2520Adopted%2520Budget%2520Book%2520.pdf> and <http://www.ongov.net/comptroller/documents/SALESTAX2011.pdf>)



Each city has about 30% of its county's population.

How does Erie County government's share compare with Monroe County's share?

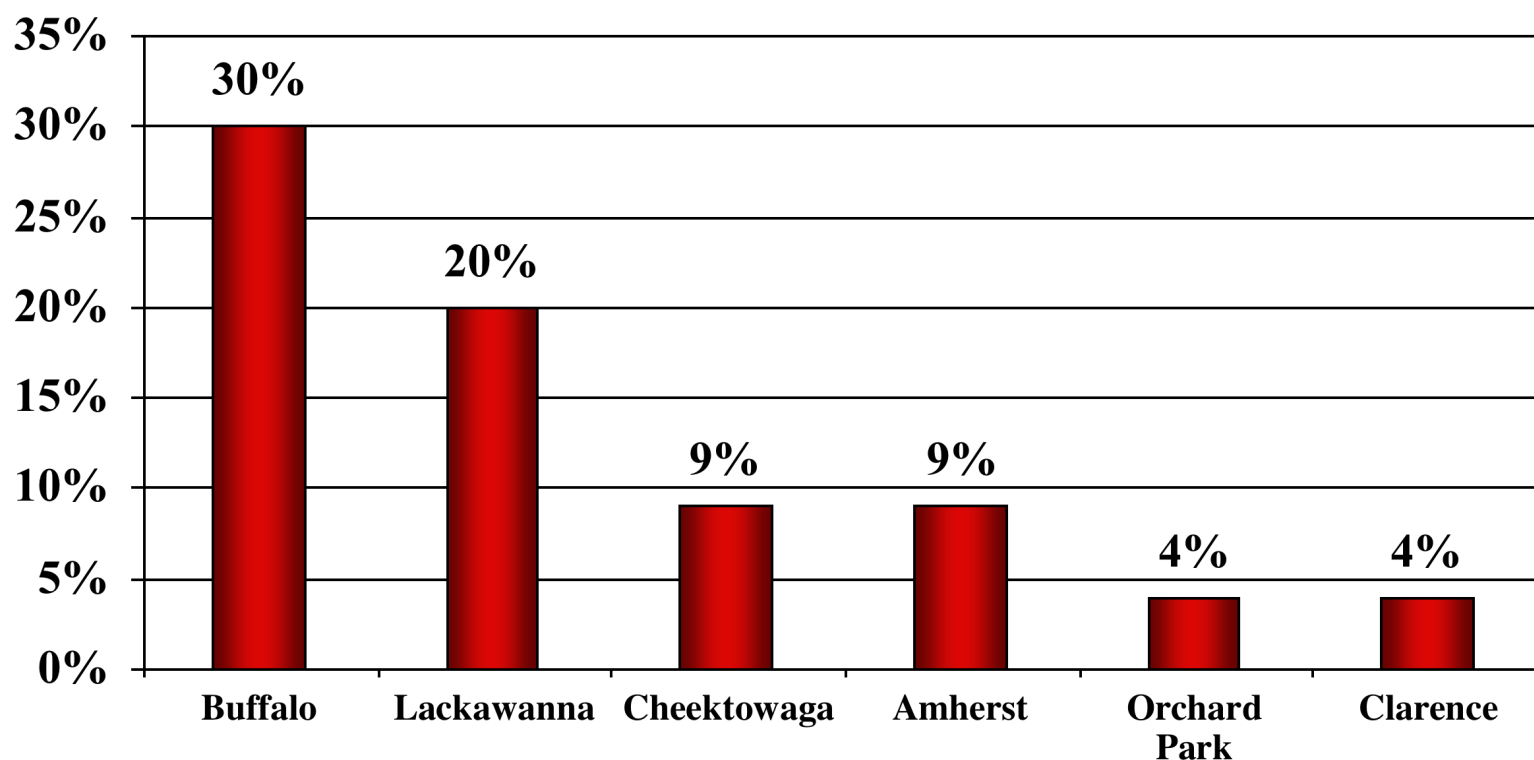
(Data taken from <http://www.monroecounty.gov/Image/2011%2520Adopted%2520Budget%2520Book%2520.pdf> and http://www.osc.state.ny.us/localgov/datanstat/findata/index_choice.htm)



**Some Facts about
Erie County
Municipalities**

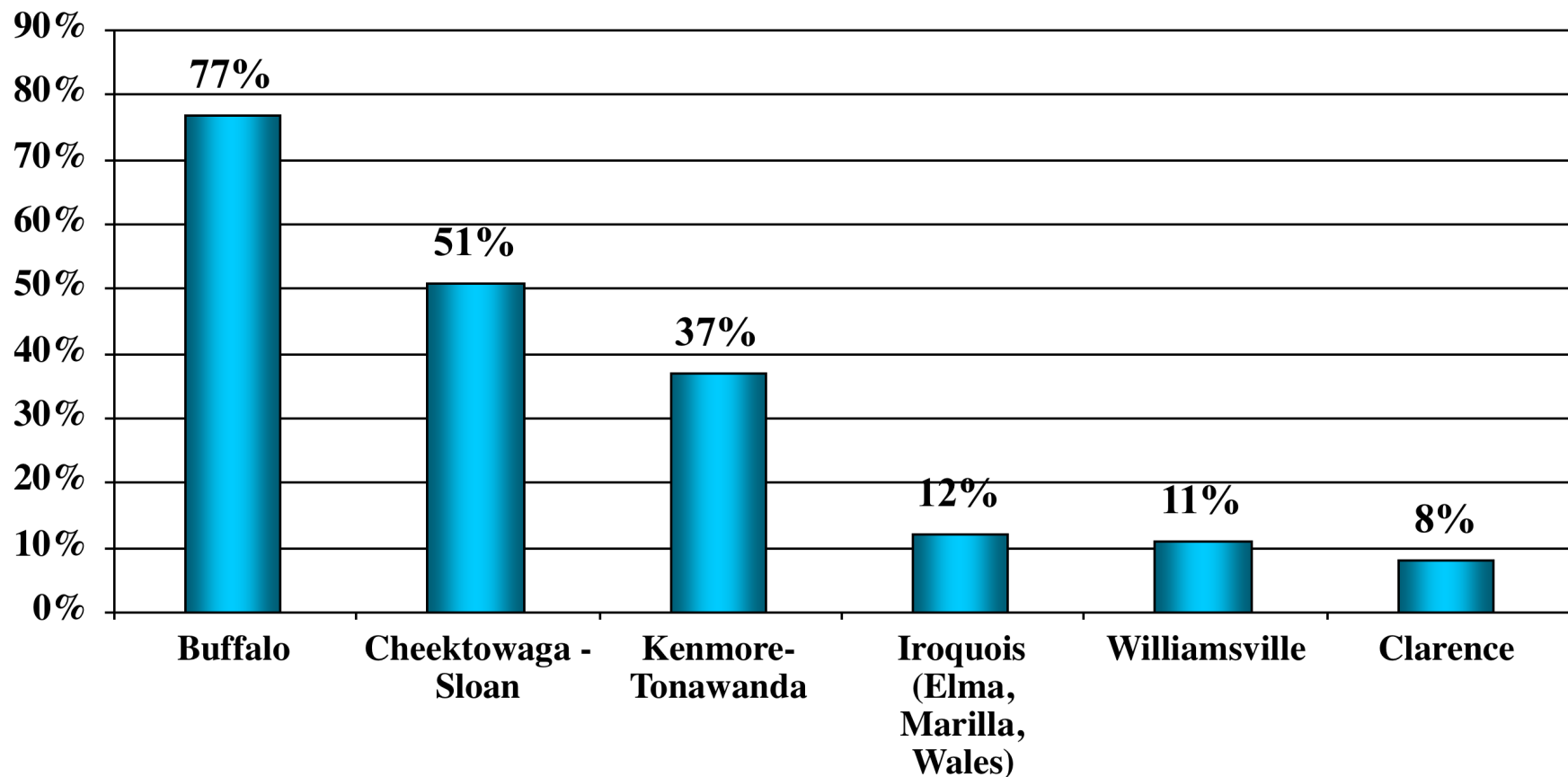
Estimated Percentage of People Living Below the Poverty Level in the Last Twelve Months, 2011

(Data from the United States Census Bureau, http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_11_1YR_S1701&prodType=table)



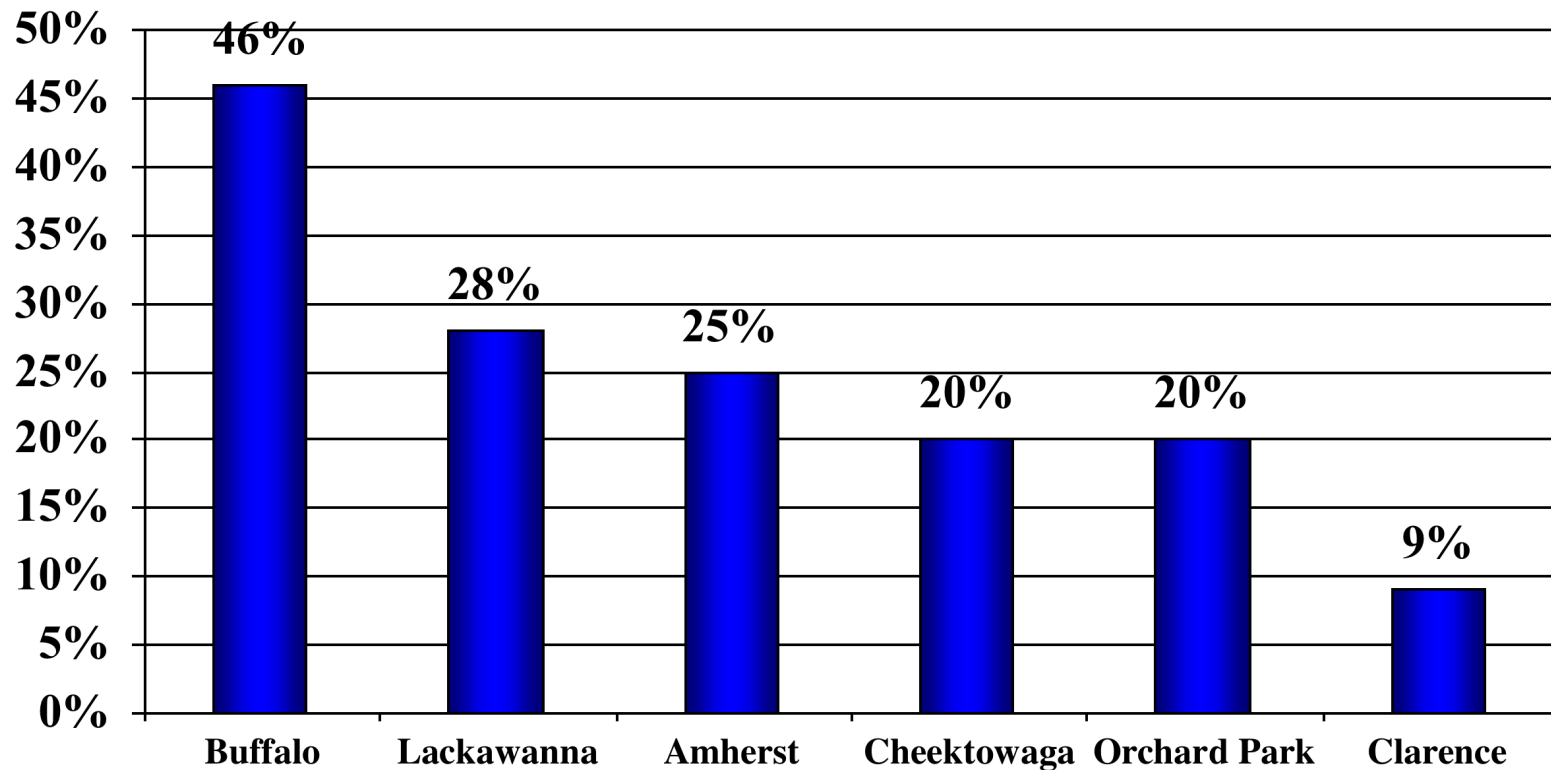
Percentage of Students Qualifying for Free/reduced Lunch in 2011-12

(Data from Report Cards at <https://reportcards.nysed.gov/view.php?schedist=district&county=14&year=2012>)



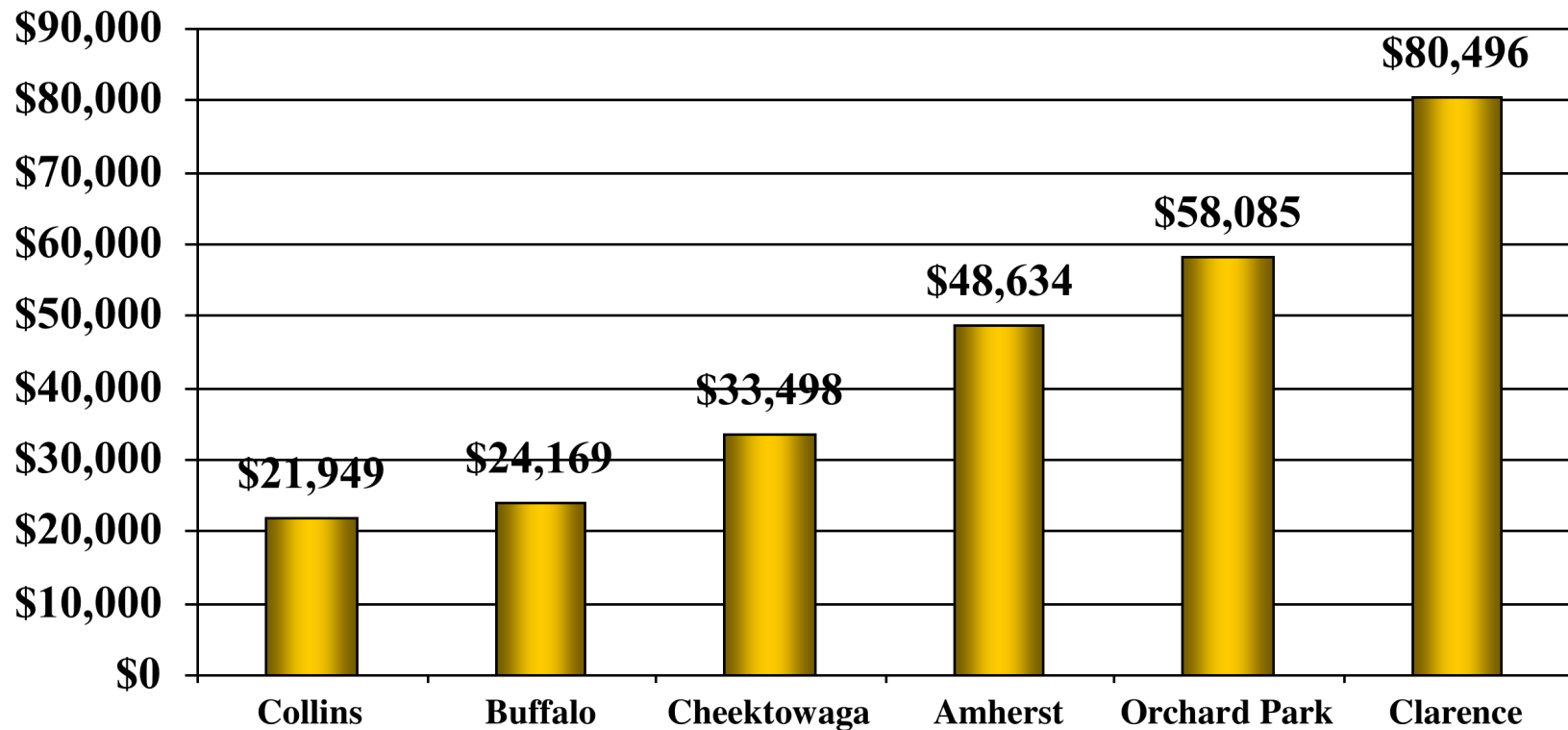
Percentage of Tax Exempt Property (for city and town purposes) in 2012

(Data from New York State Office of Real Property Services at http://orpts.tax.ny.gov/cfapps/MuniPro/muni_theme/county/county.cfm?swis=14)



2011 Taxable Valuation of Real Property per Person (Fiscal Capacity)

(Data from the Office of the State Comptroller at http://www.osc.state.ny.us/localgov/datanstat/findata/index_choice.htm)



**What can we learn
from other
communities?**

Monroe County, New York

- In 1985, at a time when the City of Rochester was in serious financial trouble, the Morin-Ryan Act of Monroe County provided for a change in the sales tax distribution formula.
- Monroe County recognized the value of the city to the region.
- The distribution formula guarantees that Monroe County and the City of Rochester and its schools receive equal amounts (31.6%) of the sales tax. The rest is distributed to suburban towns, villages, and school districts.

Onondaga County, New York

- Onondaga County renegotiates its sales tax sharing agreement every 10 years.
- Their 2010 agreement increased the amount going to the county budget by reducing distributions to towns, villages, and schools.
- However, the county recognized the importance of supporting its major city by keeping the share for Syracuse at about 23%.

New Jersey's Hackensack Meadowlands

- A regional commission controls development and apportions property tax revenue among fourteen municipalities.
- The tax-base sharing program is aimed at ensuring that those communities that contain valuable tidal wetlands do not suffer financially because wetlands cannot be developed for business or industrial uses.

See <http://www.njmeadowlands.gov/municipal/tax/tax.html>

Twin Cities Fiscal Disparities Program

- In 1971, the state of Minnesota instituted a program of commercial-industrial tax base sharing within the Twin Cities metropolitan area.
- The tax is pooled and then distributed back to the local units according to a formula that depends on population and also on the **relative fiscal capacity** of each local unit.

See <http://www.metrocouncil.org/Data-Maps/Fiscal-Disparities.aspx>

Formula Used by the Twin Cities

Fiscal capacity is defined as **equalized market value of taxable property per capita.**

$$\text{Population of City/Town} \quad \times \quad \frac{\text{Average Fiscal Capacity}}{\text{City/Town Fiscal Capacity}} \quad = \text{Distribution Index}$$

The fraction of the tax revenue a community receives equals the ratio of its distribution index to the sum of all of the distribution indexes of the communities sharing the tax money.

For more details on Fiscal Capacity, go to
<http://lwvbn.org/studyadvocacy/SalesTaxWeb/FiscalCapacity2013.pdf>

Position of the League of Women Voters of Buffalo/Niagara

The League of Women Voters of Buffalo/Niagara supports a change in the way the Erie County sales tax is distributed. Specifically, the League supports a formula that includes consideration of a municipality's

- population
 - percentage of residents at or below the poverty level
 - amount of tax-exempt property
 - relative fiscal capacity
- and recognizes the value of urban centers.

The League supports the application of these criteria to the 1.75 percent portion of the sales tax that presently goes to Erie County as well as to the 3 percent that is presently allocated to the county and its cities, towns, villages and school districts.