

Office of the NEW YORK STATE

COMPTROLLER

Understanding Local Government Sales Tax in New York State

2020 Update



New York State Comptroller

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Table of Contents

Executive Summary	1
Introduction	2
Sales Tax Base	2
Local Sales Tax Collection and Distribution	3
Local Sales Tax Rates	4
Local Sales Tax Revenue	6
County Analysis	7
Regional Overview	7
Sales Tax Sharing	8
Factors and Influences	11
Sales Tax Burden	12
Conclusion	12
Appendix A – Technical Discussion of Sales Tax Base	13
Appendix B – Technical Discussion of Sales Tax Administration	15
Appendix C – Summary of County Sales Tax Sharing Agreements and Arrangements	17
Notes	22
Division of Local Government and School Accountability Contacts	25

Executive Summary

- The taxes collected from the sale of goods and services, and additional taxes on specific services and commodities, are an increasingly significant source of revenue for many New York State local governments. All counties and cities, many towns and villages, and even some school districts depend on revenue from local sales taxes.
- Sales tax revenue amounted to \$16.9 billion, or 9.7 percent, of the total revenue for local governments in 2019. In New York City, sales taxes generate 8.7 percent of total revenue; for other cities – most of which have fewer other revenue sources – they account for an average of 19 percent of total revenues. On average, county sales taxes represent nearly 29 percent of all county revenues, which does not include sales tax collections shared with other local governments. Sales tax accounts for 9 percent and 6 percent of town and village total revenues, respectively.
- Local sales tax rates range from 3 percent to 4.75 percent, which are added to the State rate of 4 percent. A State-imposed 0.375 percent surcharge on behalf of the Metropolitan Commuter Transportation District is also applied to some downstate counties and cities, including New York City.
- The average combined State and local sales tax rate is 8.45 percent in New York State, which is the seventh highest in the nation. Nearly three-fourths of the State's population resides in areas that have a combined rate higher than 8 percent.
- The local sales tax is imposed by all 57 counties outside of New York City, the City itself, and 17 other cities independently of their counties. In addition, 46 counties share a portion of their sales tax revenue with cities that do not impose sales taxes and other local governments within their borders, amounting to almost 23 percent of all county sales tax revenue collected. The amount shared is made in accordance with statute or sharing agreements approved by a county and the cities within the county or at the discretion of the county.
- Projecting the revenue generated by the sales tax is difficult. Since it is based on the total value of taxable sales, it is largely dependent on economic activity. Revenues may grow relatively quickly during periods of expansion, but can stagnate or drop in recessionary times. State policy changes can also affect revenues.
- Some State laws have reduced distributions of local sales tax collections to counties and New York City. One example is the withholding of sales tax collections to be deposited into a fund for financially distressed hospitals and nursing homes. Similarly, sales taxes are withheld from county collections twice annually to make unrestricted aid payments to certain towns and villages. The State was responsible for making these payments until 2019.
- This report is an update to the Office of the State Comptroller's March 2015 publication on local government sales taxes in New York State.

Introduction

The sales tax is a tax on the retail sale of goods and services. New York State imposes a “general sales tax” at a single rate on most goods and some services. Counties and cities can impose their own local sales tax in addition to the State rate. Local sales tax revenue is a major part of local government finances, amounting to \$16.9 billion in 2019.¹

Sales Tax Base

The sales tax base is the sum of goods and services that are subject to the sales tax. This includes most sales of tangible personal property —goods that one might buy at a retail establishment — as well as prepared food and beverages and certain services such as maintenance and repair services, hotel room occupancy, utility services and certain admissions charges to places of amusement.² Counties and cities are statutorily required to impose their sales taxes on the same base as the State (unless they are statutorily authorized otherwise). New York City, however, imposes sales tax on a number of services that are not taxed elsewhere.³

A number of items are exempt from the tax. These include most unprepared foods, prescription and nonprescription medicines, rentals of real property such as houses and apartments, and various services, including medical care, and educational and professional services. Most sales made by or to federal, State and local governments, public authorities, and many charitable organizations are also exempt.⁴

For a more detailed discussion of the sales tax base, see Appendix A on page 13.

Sales Tax Timeline

1933 – New York State imposes its first instance of a general sales tax on certain goods and services, in response to the Great Depression, for a period of one year, at a rate of 1 percent. Other governments have taxed specific commodities for centuries.⁵

1934 – The State authorizes a local sales tax for New York City.⁶

1947 – The State extends authorization to impose a sales tax to all counties and cities; sales taxes are administered and collected locally, although the State sets the maximum rate.⁷

1965 – Article 29 of the New York State Tax Law allows for a statewide sales tax (and compensating use tax) imposed at a rate of 2 percent. It also replaces all locally-administered sales taxes with a local option that authorizes counties and cities to impose a maximum rate of 3 percent, with special State approval required to increase the rate beyond the maximum.⁸ Both State and local sales taxes are administered by the New York State Department of Taxation and Finance. The State Tax Commissioner certifies the amounts that should be distributed to local governments and those amounts are then paid to the local governments by the Office of the State Comptroller.

1969 to 2005 – The State-imposed sales tax rate increases to 3 percent in 1969, 4 percent in 1971 and 4.25 percent in 2003. In 2005, the rate was reduced to 4 percent.⁹

2020 – The State rate remains at 4 percent. All eligible counties and 18 cities, including New York City, impose a sales tax, at rates ranging from 3 percent to 4.75 percent. Most counties share a portion of their sales tax revenue with cities, towns, villages and/or school districts within their borders.¹⁰

Local Sales Tax Collection and Distribution

The vendor, such as a retail store, restaurant, or service provider, is responsible for collecting the combined State and local sales tax on a good or service sold to a customer. Vendors then remit payments to the New York State Department of Taxation and Finance (Tax and Finance) on a monthly, quarterly or annual basis, depending on how much they generate in taxable sales and purchases. The State keeps the revenue generated by its 4 percent rate and then, with certain exceptions, distributes the local sales tax revenue to the taxing jurisdiction where the transaction was made.¹¹

State sales tax distributions to municipalities that impose the tax occur two to three times per month, making a total of 26 sales tax distributions each year. (Certain school districts that separately impose taxes on utility services also receive monthly distributions.) The State makes an “early” and a “final” distribution each month based on collections for the prior month, usually within the first two weeks of the following month. For example, local sales taxes collected from vendors in May are distributed to local governments by the State in June. For both the June and December collections, the State makes two early distributions in addition to a final distribution.¹² Counties that share a portion of their sales tax revenue make distributions directly to cities, towns, villages and other local governments.

In addition to sales taxes, certain local governments impose excise taxes on selected goods, such as alcohol, fuel and cigarettes. These taxes are included in the total sales tax revenue numbers throughout this report, but are typically locally administered and represent only a small portion of the total.

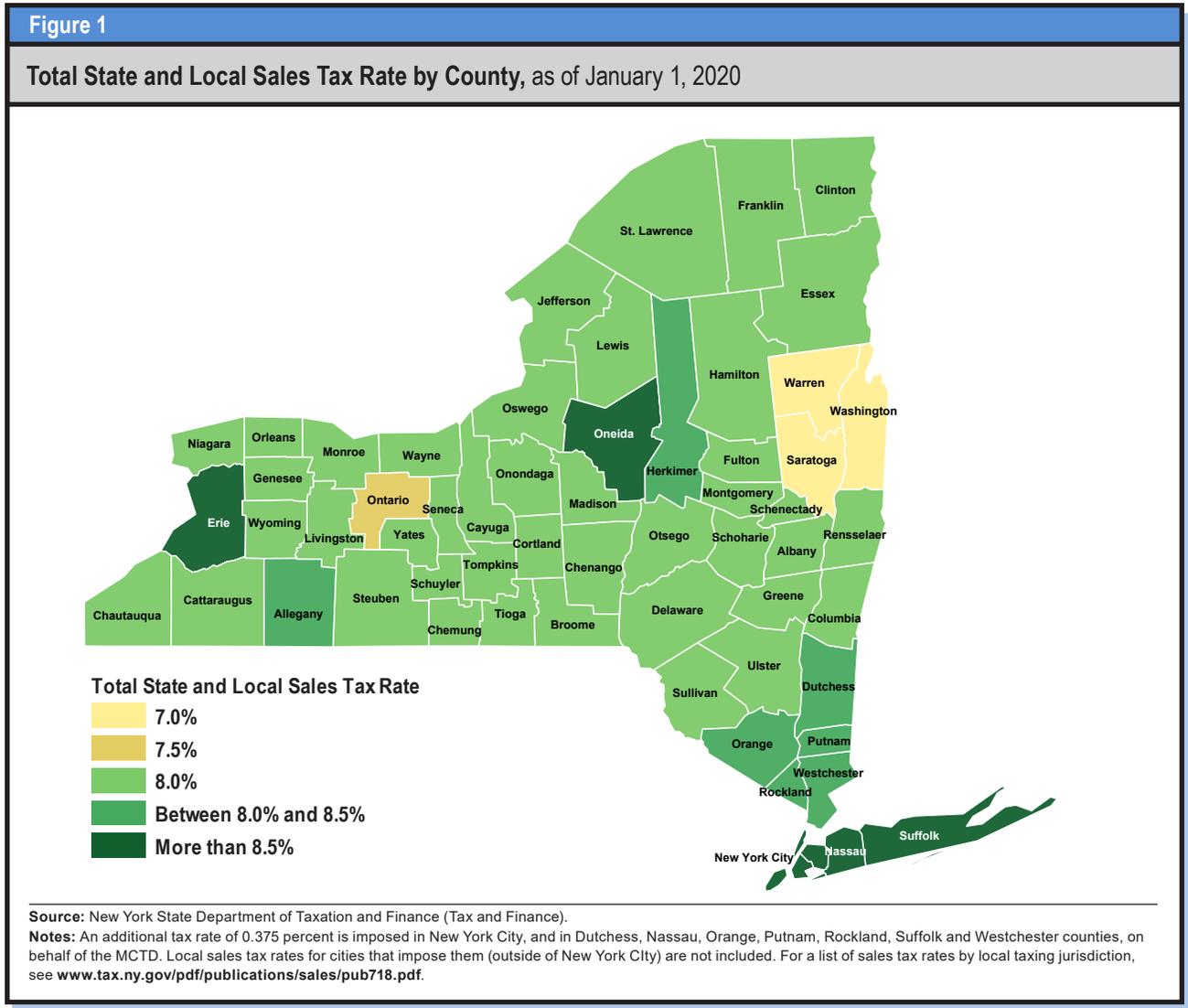
For more on how sales taxes are collected and distributed, see Appendix B on page 15.

Local Sales Tax Rates

The New York State Tax Law authorizes counties and cities to impose a sales tax rate of up to 3 percent through the adoption of a local law, ordinance or resolution. They may also receive statutory approval to impose an additional rate above 3 percent.¹³

All 57 counties impose a sales tax, and 54 of them have acquired statutory approval to increase their local rate by amounts ranging from 0.5 percent to 1.75 percent.¹⁴ Counties must obtain legislative reauthorization, usually every two years, to continue to impose rates above 3 percent. These increases are regularly reauthorized.

Forty-five counties impose a local rate of 4 percent, with another six imposing rates higher than 4 percent. In addition to the local rates, the State imposes a Metropolitan Commuter Transportation District (MCTD) surcharge of 0.375 percent in New York City and Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester counties, bringing the total number of counties with a combined State, local and MCTD rate of over 8 percent to 11.¹⁵ (See Figure 1.)



Currently, 18 cities impose their own sales tax. All cities have authorization to do this, but the combined county/city rate – before the addition of any local tax rate increase as noted above – cannot exceed the maximum rate of 3 percent.

Generally, a city that imposes a sales tax in a county that already imposes one does so by pre-empting half of the county's tax rate, or up to 1.5 percent of the 3 percent maximum rate, within the city's borders. The county's rate is then reduced by that percentage within the city.¹⁶ Statutory exceptions and temporary authorizations exist for some cities to impose higher sales tax rates within the city or to pre-empt a larger share of the county rate. Thus, many pre-empting cities' rates are actually higher than 1.5 percent. (See Figure 2.)

New York City is treated differently than other cities because it does not need to pre-empt. Instead, it imposes its own sales tax at a rate of 4.5 percent.

Figure 2		
City Sales Tax Rates, as of January 1, 2020		
City	Total Sales Tax Rate	City Portion of the Local Rate
New York City*	8.875%	4.5%
Yonkers*	8.875%	3.0%
Rome	8.750%	1.5%
Utica	8.750%	1.5%
Mount Vernon*	8.375%	2.5%
New Rochelle*	8.375%	2.5%
White Plains*	8.375%	2.5%
Auburn	8.000%	2.0%
Gloversville	8.000%	2.0%
Ithaca	8.000%	1.5%
Johnstown	8.000%	2.0%
Norwich	8.000%	1.5%
Olean	8.000%	1.5%
Oneida	8.000%	2.0%
Oswego	8.000%	4.0%
Salamanca	8.000%	1.5%
Glens Falls	7.000%	1.5%
Saratoga Springs	7.000%	1.5%

Source: Tax and Finance.
Notes: Total sales tax rate is the combined State and local rate.
 * The total sales tax rate for these cities includes a 0.375 percent MCTD surcharge.

Local Sales Tax Revenue

New York State local governments received \$16.9 billion in sales tax revenue in their fiscal years ending (FYE) 2019, accounting for 9.7 percent of all local government revenues.¹⁷

As shown in Figure 3, New York City collected the largest share of sales tax revenue at \$8 billion, or 47 percent of the statewide total for 2019. Sales taxes account for a substantial share of its revenue, but not as large a percentage as it is for other cities. The City has a number of other major revenue sources, including personal and corporate income taxes. (Yonkers is the only other local government in the State that imposes its own income tax.)

All other cities combined received \$927 million in sales tax revenue. In aggregate, this source accounted for 19 percent of their total revenue, since most cities have fewer other tax sources.

Figure 3			
Local Sales Tax Revenue by Class of Government, Fiscal Year Ending (FYE) 2019			
Class	Amount (In Millions)	Percentage of Statewide Local Sales Tax Revenue	Percentage of Class Total Revenue
Counties	\$6,739.7	40.0%	28.7%
Cities	\$927.0	5.5%	18.9%
Towns	\$737.9	4.4%	9.3%
Villages	\$175.0	1.0%	5.9%
School Districts	\$296.9	1.8%	0.7%
New York City	\$7,986.2	47.4%	8.7%
All Classes	\$16,862.8	100.0%	9.7%

Source: Office of the New York State Comptroller (OSC) and the New York City (NYC) Comptroller's Office.
Notes: "Sales tax" includes revenues from all types of sales and use taxes (including the compensating use tax), as well as various excise taxes, as reported by counties, cities outside of NYC, towns, villages and school districts to OSC annually. NYC sales tax includes all sales and use tax revenue except for the mortgage recording tax. County sales tax revenue does not include sales tax allocations made to other local governments.

Counties are the second largest recipients of sales taxes, with \$6.7 billion in 2019, or 76 percent of the total outside of New York City. Counties also depend on sales taxes more than any other class of government. This source accounted for nearly 29 percent of county revenues, not including the portion of these revenues that they shared with other local governments.¹⁸

Towns collectively received \$738 million in sales tax revenue by way of sales tax distributions from counties. Although not all towns receive sales tax, where they do, it can represent a significant source of revenue. For the class as a whole, sales tax accounted for 9.3 percent of all revenue in 2019. It is a less significant source for villages and school districts.¹⁹

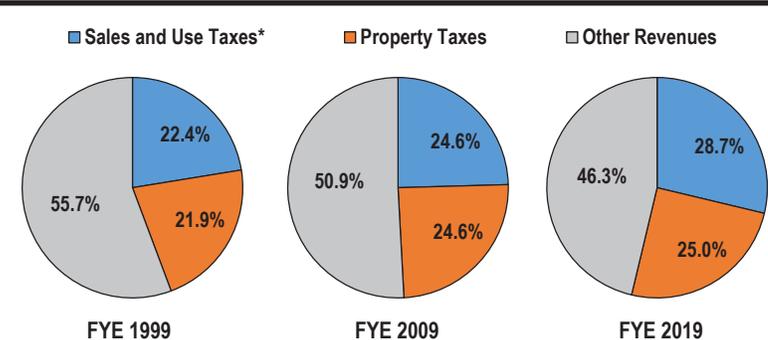
County Analysis

County sales tax revenue grew at a faster average annual rate (3.5 percent) than all other sources of revenue combined (1.8 percent) from 1999 to 2019. As a result, it has become an increasingly large portion of total revenues for counties as a class, increasing from about 22 percent of total revenues in 1999 to nearly 29 percent in 2019. (See Figure 4.)

While the fast growth of this revenue source can be very useful to counties, their increased dependence on it can present challenges. While sales tax collections can grow more quickly than other revenue sources during times of economic expansion, they can also stagnate or decline during periods of economic recession or other shocks to the economy (such as the nearly total shut-down recently experienced during the COVID-19 pandemic). In recent years, the State has also tapped these local revenues to mitigate its own fiscal stress. Thus, budgeting revenue from this source is complicated, and greater reliance on it increases the associated risk.

Figure 4

County Revenue Shares Over Time by Type of Revenue



Source: OSC.

Notes: County "sales tax" includes revenues from all types of sales and use taxes (including the compensating use tax), as well as various excise taxes, as reported to OSC annually, but does not include sales tax allocations made to other local governments. Property tax revenue includes real property taxes (RPT) and other RPT items.

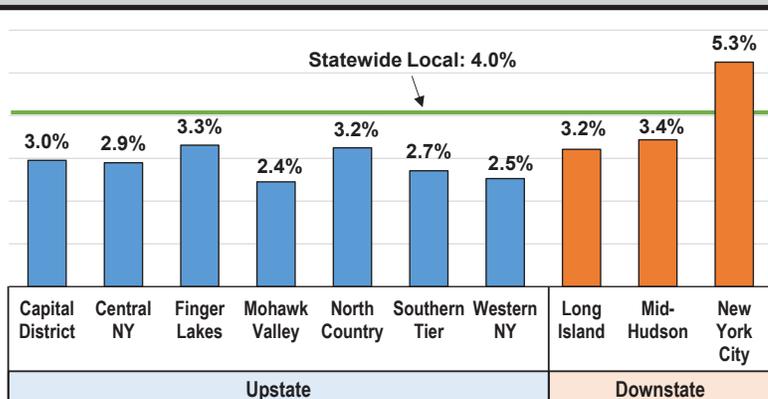
Regional Overview

Over the ten-year period from 2009 (a relatively weak year for sales tax, due to the last recession) to 2019, local sales tax revenue grew at an average rate of 4 percent per year statewide. On a regional basis, average annual growth ranged from 2.4 percent in the Mohawk Valley to 5.3 percent in New York City. (See Figure 5.)

New York City increased its sales tax rate from 4 percent to 4.5 percent in August of 2009, likely contributing to its high average annual growth.

Figure 5

Average Annual Growth in Local Sales Tax Revenue by Region, FYE 2009 to 2019



Source: OSC and NYC Comptroller.

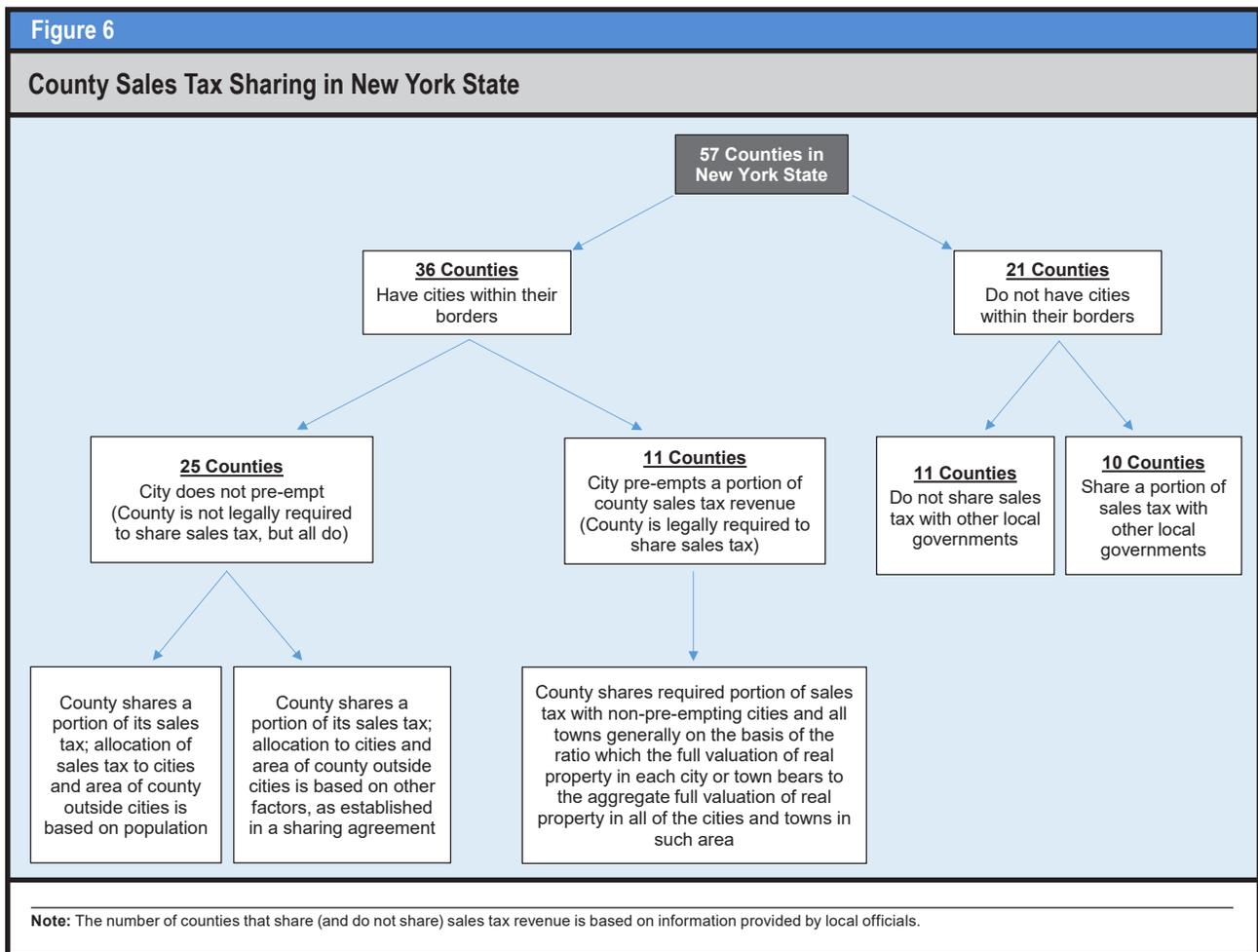
Notes: "Sales tax" includes revenues from all types of sales and use taxes (including the compensating use tax), as well as various excise taxes, as reported by counties, cities outside of NYC, towns, villages and school districts to OSC annually. NYC sales tax includes all sales and use tax revenue except for the mortgage recording tax. In this figure, sales tax revenue for FYE 2018 was used for any local governments that did not report financial data for FYE 2019 in time for this report.

The North Country region's strong growth of 3.2 percent was at least partially due to several of its counties increasing their sales tax rates between 2013 and 2015.²⁰

Sales Tax Sharing

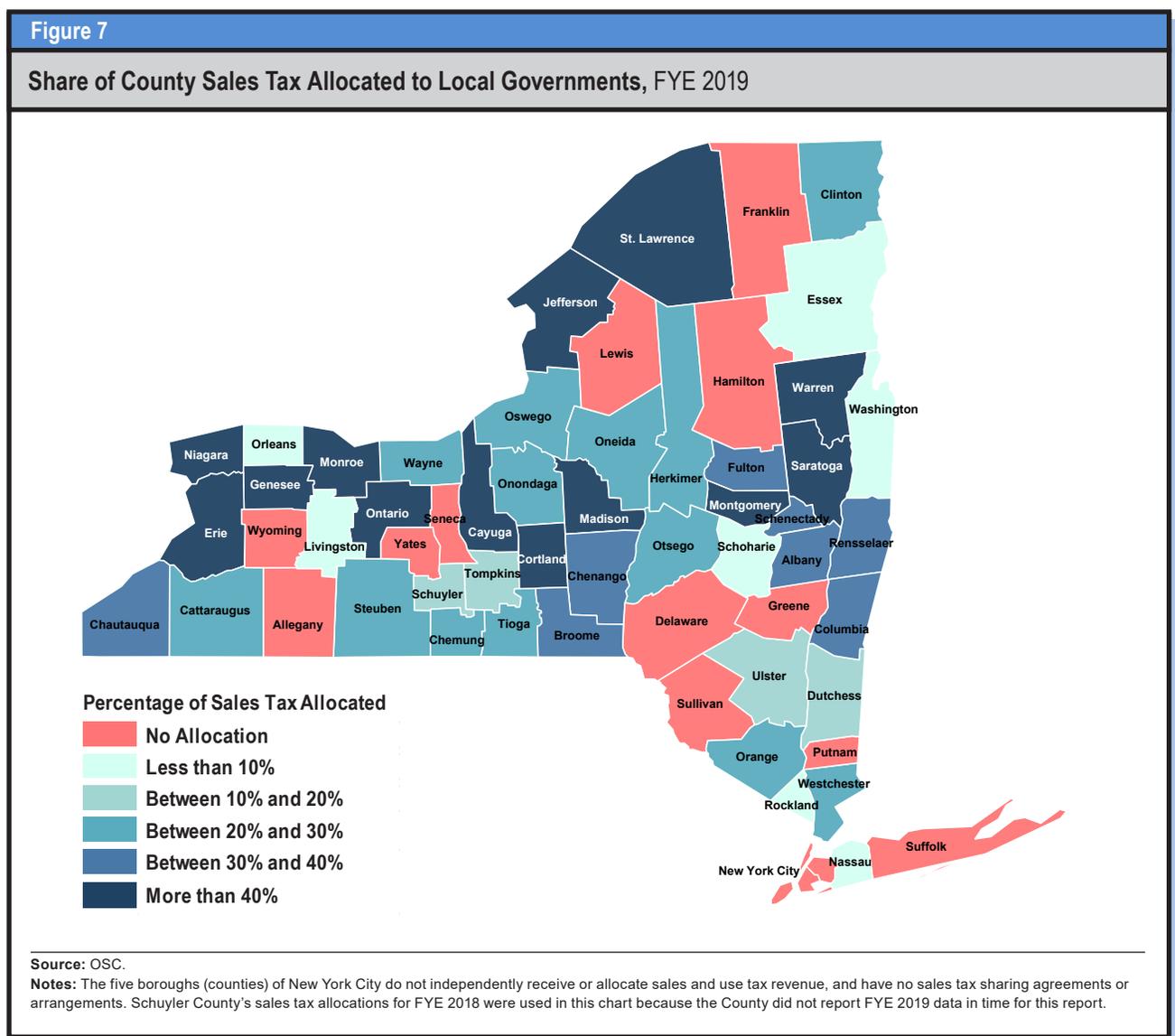
Most counties in the State – 46 of 57 outside of New York City – share some portion of their sales tax collections with cities, towns, villages or school districts. The sales tax allocations are made in accordance with statute or with sharing agreements approved by a county and the cities within the county.²¹ Sales tax sharing agreements are required when county sales taxes are to be allocated between the cities and the area of the county outside of the cities on a basis other than population. All sales tax sharing agreements must also be approved by the State Comptroller. The Office of the State Comptroller (OSC) generally reviews these distribution agreements to verify that the legal authorizations to execute the agreement are in order and to determine if the proposed distribution formula is “administratively workable,” i.e., that it is structured in a manner that can be audited. The agreements are not analyzed for equity or on the basis of need. Any modifications, renewals or extensions of these agreements are also subject to approval by OSC.

Counties with cities that pre-empt county sales taxes are required by State law to allocate a portion of county sales tax revenue to their towns and non-pre-empting cities.²² Counties with no pre-empting cities do not have to share sales tax revenue, but all counties with cities (pre-empting or not) do share. Of the 21 counties that contain no cities, 10 voluntarily share sales tax revenue with their towns and villages and even school districts. (See Figure 6.)



For a summarized list of county sales tax sharing agreements and arrangements, see Appendix C on page 17.

Counties shared a total of nearly \$2 billion, or 23 percent, of all county sales tax revenue with other local governments within their borders in 2019. Of the counties that shared their sales tax, those with cities allocated an average of 30 percent, while those without cities shared an average of 9.6 percent. However, these sales tax allocations varied considerably from county to county. For instance, Monroe County shared nearly 63 percent of its sales taxes, followed by Jefferson County (53 percent) and Cayuga County (49 percent). Seven counties allocated less than 10 percent of their sales tax to other local governments, including Livingston County, which shared just 4.9 percent. (See Figure 7.)



Recent Changes to Sales Tax Sharing Allocations

Based on information reported to OSC, since 2015, sales tax sharing agreements or arrangements have been modified in 11 counties. Three of them have resulted in increases to the amount of sales tax revenue allocated to local governments:

- Washington County now shares 7 percent of county sales tax revenue with towns and villages, which came to \$1.38 million in 2019. Before the modification, it shared a flat \$1 million per year.
- Chemung County retains 63.3 percent of the county sales tax revenue, while the City of Elmira and towns and villages receive the remaining share. Previously, the county retained 65.6 percent.
- Westchester County recently increased its sales tax rate from 3 percent to 4 percent in August 2019. The county retains 70 percent of the additional 1 percent tax rate and allocates 20 percent to towns, villages and cities that do not pre-empt; the remaining 10 percent goes to school districts.

Some changes to sales tax sharing, on the other hand, provide for additional funds to be retained by the county. For instance, Genesee County no longer allocates sales tax revenue to towns and villages, while Schuyler County retains 80 percent (previously 75 percent) of county sales tax revenue. In Rensselaer County, a change to the allocation formula for the City of Troy could lead to the county receiving a larger share of sales tax revenue than in previous years, but this is contingent on county sales tax growth for the 2020-21 sales tax year.

Source: All county sales tax sharing allocations are based on information provided by county officials.

Factors and Influences

Forecasting sales tax revenues is one of the more challenging tasks local officials face when creating their budgets. Understanding the local, State and national factors that affect local sales tax revenue trends can help officials get a better sense of how to budget these numbers, and careful monitoring provides an early warning of any potential weakening.

The sales tax is affected by economic activity, both on the local level (such as the opening or closing of a large retail store, or the gain or loss of a major regional employer) and at the State and national level (such as economic downturns and major swings in motor fuel prices). Information about the State and national economy are generally easier to come by, and are publicly available, although economic forecasts are inherently subject to risk. Some important economic indicators include employment growth, unemployment rates, consumer confidence, gross domestic product and gas prices. Each year, the New York State Division of the Budget provides a statewide sales tax revenue projection based on a forecasting model that uses State-level consumption, income and employment data.

Certain legal and administrative changes can impact sales tax revenue as well. For instance, the 2018 U.S. Supreme Court case of *South Dakota v. Wayfair* gives states the ability to require online retailers to collect and remit sales taxes, regardless of whether they have a physical presence in the state.²³ And a provision included in the State Fiscal Year 2019-20 Enacted Budget requires online marketplaces, such as eBay and Etsy, to collect and remit sales tax in New York on behalf of third-party sellers. Together, these changes broadened New York State's overall sales tax base and strengthened its enforcement efforts.

Sales Tax Withholdings and Intercepts

Recent legislative actions have reduced the amount of sales tax collections actually distributed to counties statewide in order to provide aid to other local governments or for other specific purposes.

The State Fiscal Year (SFY) 2019-20 Enacted Budget included amendments to the Tax Law, under which the State withholds \$59 million annually from county sales tax collections to make payments to 1,325 towns and villages which had received State-funded Aid and Incentives for Municipalities (AIM) the previous year. These are referred to as "AIM-related payments."²⁴ A new source of capital funding was also established for the Metropolitan Transportation Authority, whereupon a certain portion of New York City's sales tax collections are withheld and deposited directly into a Central Business District Tolling Capital Lockbox. A total of \$127.5 million was withheld in SFY 2019-20 and another \$170 million is expected to be withheld in SFY 2020-21, with the amounts withheld increasing by 1 percent annually moving forward.²⁵ This year, the SFY 2020-21 Enacted Budget further reduced county sales tax distributions by \$50 million annually for the next two years for counties outside New York City, with the amount withheld to be put in a State fund for financially distressed hospitals and nursing home facilities. New York City will also have \$200 million withheld each year for the next two years for this same purpose.²⁶

Sales tax intercepts by the State are not new, but had previously been used in only a few places, and in order to assist certain counties and cities with fiscal stability and debt security. In the early 2000s, for example, the State Legislature established "control boards" for Nassau County, Erie County and the City of Buffalo to help these local governments pay off their outstanding debt and increase their municipal bond ratings.²⁷ The City of Yonkers received State approval to impose an additional 1 percent "Special Sales Tax" in 1975, with the proceeds going towards paying off its outstanding indebtedness.

Sales Tax Burden

Sales tax “burden” is most commonly measured by the rate of the tax. The State’s tax rate of 4 percent is not nearly as high as most other states. However, when local rates are added to the State’s portion, the combined average State and local rate in New York is seventh highest in the nation at 8.45 percent.²⁸ This is true, despite the fact that most counties have a combined rate of 8 percent or lower, since just under three-fourths of the State’s population lives in areas with higher rates, such as the New York City metropolitan area.²⁹

New York State’s overall sales tax burden cannot be assessed through tax rates alone, however. The tax base is also important, and New York has more exemptions than average. For instance, it is one of only 14 states that exempts nonprescription drugs.³⁰ In addition, food items (groceries, not restaurant purchases) are mostly exempt, and items of clothing and footwear under \$110 are exempt from the State’s portion of sales tax as well as from the local portion in seven counties and New York City.³¹

Conclusion

Sales taxes have been used in New York State, in some form, since 1933. The State extended authorization to counties and cities to impose a sales tax on the retail sale of goods and services in 1965. The revenue generated from these taxes has grown over time, becoming a significant source of revenue for many local governments across New York. Presently, all counties outside of New York City impose a sales tax, and 46 of them share some of their sales tax revenue with other local governments within their borders. New York City and 17 other cities impose their own sales taxes.

In recent years, New York has made a concerted effort to capture both State and local sales tax collections on sales made to its residents by out-of-State vendors. After starting with larger internet retailers, the State’s most recent efforts have been focused on smaller vendors using internet marketplaces to reach a national customer base. However, the State has also withheld some local sales tax revenue from counties and New York City for State purposes.

Sales taxes are highly dependent on the economy, benefitting from expansions and contracting during periods of economic recession. During downturns, local governments that depend on sales tax revenue can be forced to increase property taxes or make cuts to services in order to balance their budgets. That is why local officials should closely monitor local, State and national economic activity, and significant policy changes, in order to better understand how sales taxes may perform in the future.

The Office of the State Comptroller tracks and analyzes monthly sales tax collections by local governments and produces quarterly, mid-year and annual reports. To view or download the latest local sales tax collection report, go to the Comptroller’s website at www.osc.state.ny.us/local-government/publications.

Appendix A

Technical Discussion of Sales Tax Base

Listed below are categories of specific taxable goods or services subject to sales tax. Categories 3 through 6 are generally part of the local sales tax base, but may also be taxed selectively by a city that does not impose a sales tax. Municipalities that apply sales tax in this manner have what is called a “segmented tax.” As of the publication of this report, only five cities impose segmented taxes: Long Beach, Lockport, Port Jervis, Newburgh and Niagara Falls.³²

1. Tangible Personal Property

According to Tax and Finance, tangible personal property is described as “any physical personal property that has a material existence and is perceptible to the human senses.”³³ The sales tax applies to the retail sales of these items. Some examples include:

- Furniture, appliances and lighting fixtures;
- Certain clothing and footwear (see discussion under “Exempt Items” on page 14);
- Machinery and equipment, parts, tools and supplies;
- Computers;
- Prewritten computer software;
- Motor vehicles;
- Boats and yachts;
- Fuels;
- Candy and confections;
- Bottled water;
- Soda and beer;
- Cigarettes and tobacco products;
- Cosmetics and toiletries; and
- Jewelry.

2. Certain Services

Certain services are also subject to the sales tax, including:

- Telephone answering services, prepaid telephone calling services and mobile telecommunications services;
- Certain information services including credit monitoring, genealogical research, online dating, sports scouting, etc.;³⁴
- Rental of safe deposit boxes, vaults or similar storage facilities;
- Certain parking, garaging or storing services for motor vehicles;
- Interior decorating or design;
- Protective or detective services; and
- Entertainment or information services provided by means of telephone or telegraph service.

Appendix A

Technical Discussion of Sales Tax Base

3. Utility Services

Commercial and residential energy, along with telephone services, are commonly referred to as “utility services.” The local sales tax imposed by counties and cities includes a tax on certain utility services – commercial energy and certain telephone services, including mobile telecommunications. In addition, counties and cities imposing the local sales tax have the option of imposing a tax on residential energy. Cities that do not impose the local sales tax may impose a “segmented tax” on utility services. School districts that are partly or wholly within cities with populations under 125,000 may impose a tax on certain utility services, including residential and nonresidential electricity, gas services, and telephone services.³⁵

4. Food and Drink

Generally, prepared meals and beverages sold in restaurants, taverns or similar establishments are subject to sales tax. However, food sold in grocery stores is generally exempt.

5. Hotel Room Occupancy

This category includes rent for occupancy of a room in a hotel or motel, including bed and breakfasts, boarding houses and guest houses.³⁶

6. Certain Admission Charges and Club Dues

Sales tax is applied on admission charges to professional or college sporting events, shows and entertainment events, certain portions of cabaret charges, and social and athletic club dues.³⁷

Exempt Items

New York State Tax Law exempts certain items from the sales tax, including the following items:³⁸

- Purchases by vendors of certain property or services that are intended for resale;
- Purchases by governmental entities;
- Certain food and drinks;
- Drugs, medicines, medical equipment and related services, and certain medical supplies;
- Medical emergency alarm call services; and
- Machinery or equipment, utilities and fuel for manufacturing.

State Clothing Exemptions

In March 2000, clothing and footwear items priced under \$110 were exempted from State sales tax. Counties and cities were given the option of exempting these items from the local portion of the sales tax as well. In June 2003, this exemption was eliminated and replaced with two annual one-week “sales tax holidays.” In April 2006, the year-round exemption from State sales tax was reinstated, but was suspended in October 2010 and reinstated again, this time at \$55 per item, from April 2011 to March 2012, and returned to \$110 as of April 2012. Most counties and cities impose their full local sales tax rate on clothing and footwear with the exception of New York City and Chautauqua, Chenango (including the City of Norwich), Columbia, Delaware, Greene, Hamilton and Tioga counties.³⁹

Appendix B

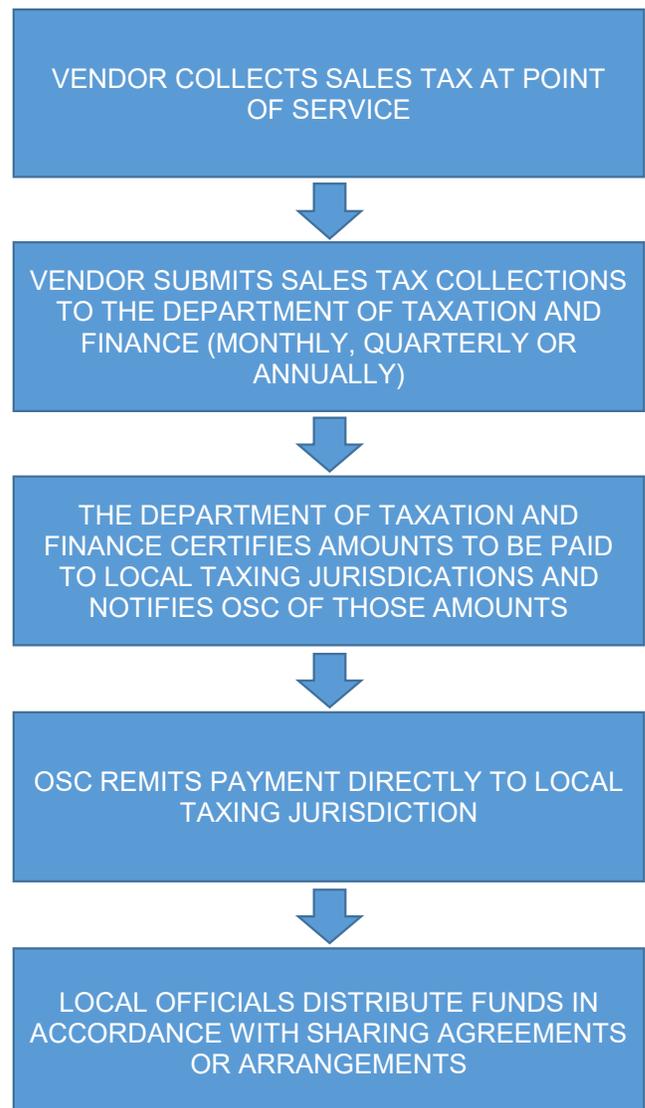
Technical Discussion of Sales Tax Administration

Tax and Finance is responsible for the administration and collection of local sales taxes, while OSC is responsible for processing payments of sales tax revenues to counties, cities and school districts. OSC also approves sales tax agreements between counties and cities that provide for sales tax revenues to be allocated between the cities and the area of the county outside the cities on any basis other than population.

Sales tax administration is a complex undertaking. While every person who sells taxable, tangible personal property or taxable services in New York State is a sales tax vendor, most taxable sales are made by retail stores. Vendors are responsible for collecting the tax at the point of sale. Accordingly, in certain circumstances vendors may be allowed to retain a small portion of the sales tax they collect.⁴⁰ This arrangement serves both as partial compensation for the administrative costs of collecting and remitting the tax and as an incentive for timely filing.

Depending on how much sales tax they collect, vendors must remit sales tax collections either annually, quarterly or monthly. Vendors collecting the largest amounts of revenue are required to remit monthly, while those collecting the lowest amounts remit annually. There were 558,516 active registered vendors in the State as of December 2019. Nearly 243,000 of them are required to make annual remittances and 258,574 are required to make quarterly remittances. Fewer than 57,000 vendors are required to make monthly remittances; however, these vendors account for 89 percent of all sales tax revenue in New York.⁴¹

Sales Tax Flow Chart



Appendix B

Technical Discussion of Sales Tax Administration

Vendors are also required to file sales tax returns quarterly. These returns contain information about the vendors' taxable sales for the period, including the location of the sales. Information on the location of each sale is important because it dictates where the local portion of the sales tax will be distributed. In New York, as in most other states, the retail sales tax is a destination tax. The point of delivery or the point at which possession is transferred by the vendor to the purchaser determines the rate of local sales tax to be collected. Sales delivered outside of the State are exempt from New York's State and local sales taxes.

Because full sales tax return information is not available until the end of a quarter, the distributions to counties and cities (which typically occur within the first two weeks of the month) are estimates based on the vendors' prior year sales tax returns for that quarter. Once the return information becomes available, Tax and Finance compares how much the county or city should have received against what the county or city did receive. The final payment to the county or city for the quarter is then adjusted in such a way that, when this amount is combined with the earlier estimated amount, the total amount paid to each county or city in the quarter equals the amount that should have been paid.

A variety of administrative factors affect sales tax collections and payment patterns. As mentioned above, not all vendors are required to remit revenues on a monthly basis. Because some vendors remit quarterly or annually, the months of March, June, September and December reflect higher collection figures. Additionally, transactions to correct previous filings (especially those related to large vendors) have an effect on collections once the correction is processed. The fluctuations caused by these technical adjustments also have an impact on cash flow for local governments.

The sales tax collections and distributions mentioned above include the compensating use tax, which is imposed on all purchases of taxable goods or services for which the seller did not collect sales tax. This can occur when a good or service is purchased outside of New York for use within the State. The buyer is then responsible for reporting the compensating use tax, which is equal to the sales tax that would have been collected. Taxpayers are frequently unaware of the obligation to pay the compensating use tax.⁴²

In addition to the sales taxes mentioned above, certain local governments impose excise taxes. These are collected from a seller before the good can be sold, rather than at the point of purchase like the sales tax. They are also usually flat per-unit taxes rather than a percentage of the cost of the item. The State imposes several excise taxes and certain local governments are allowed to impose their own. For instance, cities and villages are permitted to impose an excise tax on the gross income of utilities operating in their jurisdiction (referred to as the "utility gross receipts tax").⁴³ In addition, New York City imposes excise taxes on cigarettes, alcoholic beverages, and some other items.⁴⁴

Appendix C

Summary of County Sales Tax Sharing Agreements and Arrangements

County Name	Recipients of County Distribution	County Rate	Pre-empting Cities?		Summary of Sharing Agreements and Arrangements (Based on information provided by local officials)
			Yes	No	
Albany	City Town Village	4.00%		Albany Cohoes Watervliet	All 4.00%: The County retains 60% and distributes 40% to the cities and towns on the basis of published decennial census population figures. Within the towns of Coeymans and Colonie, the town total is divided between the town and the villages on the basis of property value. Within the Town of Green Island, the town total is divided between the Town of Green Island (10%) and the coterminous Village of Green Island (90%) per signed agreement. Within the towns of New Scotland and Guilderland, the town total is divided between towns and villages based on population by agreement within the town.
Allegany	County retains 100%	4.50%			N/A
Broome	City Town Village	4.00%		Binghamton	First 3.00%: The County retains 50% and distributes 50% to cities, towns and villages based on population. Additional 1.00%: Retained by the County.
Cattaraugus	Town Village	4.00%	Olean Salamanca		First 3.00%: The County retains 50% and distributes 50% to towns and villages, based on taxable property value. Additional 1.00%: Retained by the County.
Cayuga	Town Village	4.00%	Auburn		All 4.00%: The County retains 50% and distributes 50% to towns and villages based on taxable property value.
Chautauqua	City Town Village	3.50%		Dunkirk Jamestown	First 3.00%: The County retains 50% and the remaining 50% is divided between cities and towns. Distribution to cities is based on population; distribution to towns is based half on property value and half on population; and villages receive a share of town distributions based on population. Additional 0.50%: The County retains 70% and the cities, towns and villages receive 30% based on population.
Chemung	City Town Village	4.00%		Elmira	First 3.00%: The County keeps 63.3%, while the towns and villages and the City of Elmira each get 36.7% multiplied by percentage of population. Additional 1.00%: Retained by the County.
Chenango	Town Village	4.00%	Norwich		First 3.00%: The County retains 50% and distributes the remaining 50% to towns and villages based on property value. Additional 1.00%: Retained by the County and dedicated to construction, operations and maintenance, and debt service for a county public safety building.
Clinton	City Town Village	4.00%		Plattsburgh	First 3.00%: Up to \$27.1 million, the County retains 55% and distributes 45% to all other municipalities. Over \$27.1 million, the County retains 65% and distributes 35% to municipalities. Distributions to the City of Plattsburgh are based on population; distributions among towns and villages are based on property value. Additional 1.00%: Retained by the County.
Columbia	City Town Village	4.00%		Hudson	All 4.00%: The County retains 70% and distributes the remaining 30% as follows: 88.1% to the towns and 11.9% to the City of Hudson based on share of population from the latest census. Distribution to villages is based on their share of property value in their respective towns. The County, per agreement with the City of Hudson, pays the City an additional 0.84% from the County share.
Cortland	City Town Village	4.00%		Cortland	All 4.00%: From 2019 to 2023, the County retains a fixed annual sum of \$1.5 million and 54% of the remaining amount; the City of Cortland receives 17.75% of the remaining amount, and the towns and villages receive 28.25% of the remaining amount. From 2024 to 2028, the County retains a fixed annual sum of \$1.5 million and 55% of the remaining amount; the City of Cortland receives 17.38% of the remaining amount, and the towns and villages receive 27.62% of the remaining amount.
Delaware	County retains 100%	4.00%			N/A

Source: All sales tax sharing agreement and arrangement summaries are based on information provided by local officials.
*County tax rate does not include 0.375 percent for the Metropolitan Commuter Transportation District.

Appendix C

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County Name	Recipients of County Distribution	County Rate	Pre-empting Cities?		Summary of Sharing Agreements and Arrangements (Based on information provided by local officials)
			Yes	No	
Dutchess*	City Town Village	3.75%		Beacon Poughkeepsie	All 3.75%: The County distributes a total of \$25 million to the cities, towns and villages. The City of Poughkeepsie receives 38 percent of those funds (\$9.6 million) and the City of Beacon receives 17 percent (\$4.3 million). The County allocates 45 percent (\$11.3 million) to towns and villages, with allocations to towns based on population. Villages receive a portion of the town share determined by their share of the full valuation of real property in the entire town. The cities, towns and villages collectively receive a total of 18.453% of annual growth in sales tax, with growth being based on collections realized compared to the base year of 2012.
Erie	City Town Village School District Niagara Frontier Transportation Authority	4.75%		Buffalo Lackawanna Tonawanda	First 3.00%: The County retains 35.3055% (of which the Niagara Frontier Transportation Authority receives 4.1666%, leaving the County with 31.1389%); 10.0087% is distributed to the cities of Buffalo, Lackawanna and Tonawanda on the basis of population; 25.6858% is divided among the cities of Buffalo, Lackawanna and Tonawanda and the towns on the basis of population and property value, and villages receive a portion of the town share based on property value; 29% is divided among all the school districts with territory in the County on the basis of average daily attendance. The cities of Lackawanna and Tonawanda are guaranteed an annual minimum of \$1,172,706 and \$1,534,671, respectively. Additional 1.00%: \$12.5 million is distributed to cities, towns and villages on the basis of property value. Remainder is retained by the County. Additional 0.75%: Retained by the County.
Essex	Town Village	4.00%			First 3.75%: Retained by County. Additional 0.25%: Shared with towns and villages. Town shares are based 50% on assessment and 50% on population. Village shares are based on the percentage of the total town assessment that the village has within the town.
Franklin	County retains 100%	4.00%			N/A
Fulton	Town Village	4.00%	Gloversville Johnstown		All 4.00%: The County retains 50% and distributes 50% to towns and villages based on property value. Collections outside the cities of Gloversville and Johnstown are split 50/50 with the villages and towns. Collections inside the two pre-empting cities are split 50/50 between the County and the cities.
Genesee	City	4.00%		Batavia	All 4.00%: The County distributes at least 14% of countywide annual collections to the City of Batavia and retains the rest, with no allocations made to surrounding towns and villages. If countywide annual collections decline over the previous year's, the City receives up to 16% and the County retains the rest. If countywide annual collections increase over the previous year's, the City's allocation will only grow by a maximum of 2 percent based on the previous year's amount.
Greene	County retains 100%	4.00%			N/A
Hamilton	County retains 100%	4.00%			N/A
Herkimer	City Town Village	4.25%		Little Falls	First 3.00%: The County retains 62.24%, the City of Little Falls receives 4.43%, and 33.33% is distributed to towns and villages based on population and property value. Additional 1.25%: Retained by County for Medicaid and a new jail.
Jefferson	City Town Village	4.00%		Watertown	All 4.00%: The County retains 47%, the City of Watertown receives 24%, and 29% is distributed to the towns and villages based on property value.
Lewis	County retains 100%	4.00%			N/A
Livingston	Town Village	4.00%			First 3.00%: The County retains 93.33% and distributes 6.67% to towns and villages based on property value and population. Additional 1.00%: Retained by the County to offset Medicaid expenses.
Madison	Town Village	4.00%	Oneida		All 4.00%: The County retains 50% of sales tax generated outside the City of Oneida and distributes 50% to towns and villages based on property value. The County retains 50% of sales tax generated inside the City of Oneida and does not distribute any portion of this revenue to the towns and villages.

Source: All sales tax sharing agreement and arrangement summaries are based on information provided by local officials.
*County tax rate does not include 0.375 percent for the Metropolitan Commuter Transportation District.

Appendix C

Summary of County Sales Tax Sharing Agreements and Arrangements

County Name	Recipients of County Distribution	County Rate	Pre-empting Cities?		Summary of Sharing Agreements and Arrangements (Based on information provided by local officials)
			Yes	No	
Monroe	City Town Village	4.00%		Rochester	First 3.00%: Under the Morin/Ryan Act, distribution is based on 1985 levels, when the City of Rochester received a share based on population after the County retained 25%. The City then gets 50% of post-1985 growth, capped at 35.63% of total. One-third of remainder goes to suburban school districts, two-thirds to towns and villages based half on population and half on property value. Schools and villages (not towns) are held harmless under the pre-1985 calculations; any additional amount needed comes out of the County share. Additional 1.00%: Schools receive 5% based on enrollment, towns receive 3% based on population, villages receive 1.25% based on population. The remaining 90.75% is divided between the City of Rochester and the County so that, when added to the 3% tax calculated under the Morin/Ryan Act, the City and County shares are equal.
Montgomery	City Town Village	4.00%		Amsterdam	First 3.00%: The County retains 50% and distributes 15% to the City of Amsterdam and 35% to towns and villages based on property value. Additional 1.00%: County retains 80%, the City of Amsterdam receives 18% and towns and villages receive 2% based on property value.
Nassau*	City Town Village	4.25%		Glen Cove Long Beach	First 3.00%: Retained by County. Additional 0.75%: The County distributes one-third to fund a local government assistance program for the three towns and two cities within the County. The assistance is distributed quarterly, on a per capita basis, based on the most recent decennial census. Villages also receive assistance, in an amount not to exceed one-sixth of the 0.75% remaining after the towns and cities have received their funding. Additional 0.50%: Retained by County.
Niagara	City Town Village	4.00%		Lockport Niagara Falls North Tonawanda	First 3.00%: The County retains 47% and distributes 1.6% to E-911 emergency services and 51.4% to cities, towns and villages. Cities and towns receive shares based on population. Villages receive a portion of the town share based on their proportion of the town's real property values, except Somerset. Somerset receives its share based on its proportion of population within the town. Additional 1.00%: Retained by County to support Medicaid expenses.
Oneida	City Town Village	4.75%	Rome Utica	Sherrill	First 3.00%: County retains 50%; Cities of Utica and Rome each pre-empt 50% of the amount collected within their borders; County distributes 50% of the amount collected outside of those cities to its towns and villages and the city of Sherrill, based on property value. Additional 1.00%: Of the amount collected within the cities of Utica and Rome, each city receives 50% of the amount (not pre-empted) and the County retains the other 50%. Of the amount collected outside the cities, the City of Sherrill gets a share based on population, \$1.5 million is distributed to the towns and villages based on population, and the County retains the balance. Additional 0.75%: Retained by the County.
Onondaga	City Town Village	4.00%		Syracuse	First 3.00%: County retains 99.34% and allocates 0.66% to school districts. Additional 1.00%: County retains 1.58% and allocates 97.79% to the City of Syracuse and 0.63% to school districts.
Ontario	City Town Village	3.50%		Canandaigua Geneva	First 3.00%: The County retains 50% and distributes 50% to cities, towns and villages based half on population and half on real property value between 2016-2023. Assuming countywide sales tax collections increase, the County will see to it that towns receive at least as much sales tax revenue as they did in 2004. Additional 0.125%: Entire proceeds distributed to cities, towns and villages. Additional 0.375%: Retained by County.
Orange*	City Town Village	3.75%		Middletown Newburgh Port Jervis	All 3.75%: The County keeps 73.616% and distributes 26.384% to cities, towns, and villages. The three cities receive 32.525% of the 26.384% broken down as follows: Newburgh 43.883%, Middletown 42.696%, and Port Jervis 13.421%. The towns and villages receive 67.475% of the 26.384% based on population, except for the Village of Highland Falls, where distribution is based on the ratio of property value to the entire Town of Highland.

Source: All sales tax sharing agreement and arrangement summaries are based on information provided by local officials.
*County tax rate does not include 0.375 percent for the Metropolitan Commuter Transportation District.

Appendix C

Summary of County Sales Tax Sharing Agreements and Arrangements

County Name	Recipients of County Distribution	County Rate	Pre-empting Cities?		Summary of Sharing Agreements and Arrangements (Based on information provided by local officials)
			Yes	No	
Orleans	Town Village	4.00%			First 3.00%: The County retains 77.7811% and distributes the remainder to towns and villages based on population and property value – subject to a cap of \$1,366,671. The balance goes to the County. Additional 1.00%: Retained by the County.
Oswego	City Town Village	4.00%	Oswego	Fulton	All 4.00%: Up to \$10 million annually: The County retains 80% and distributes 20% to towns and villages based on population. Over \$10 million annually: The County retains 90% and distributes 10% to towns and villages based on population. The City of Fulton receives \$508,000 a month – the amount it had received historically when it pre-empted – and when total collections are over \$34 million annually, the City participates in the 10% share above, based on population.
Otsego	City Town Village	4.00%		Oneonta	All 4.00%: The County retains 76% and distributes 12% to towns and villages (based on property value) and 12% to the City of Oneonta.
Putnam*	County retains 100%	4.00%			N/A
Rensselaer	City Town Village	4.00%		Rensselaer Troy	All 4.00%: The County retains approximately 65.8% and distributes 2.9% to the City of Rensselaer and 11.5% plus an additional 3.5% of any distributions that exceed a base amount (1999 collections) to towns and villages based on property value. The City of Troy receives 19.65% of the first \$80,000,000 in sales tax revenue, plus 9.0% in excess of \$80,000,000 for the 2020-2021 sales tax year.
Rockland*	Town Village	4.00%			First 3.75%: Retained by County. Additional 0.125%: Distributed to towns and villages based on population. Additional 0.125%: Distributed to town and villages with police departments based on number of police officers.
St. Lawrence	City Town Village	4.00%		Ogdensburg	First 3.00%: The County retains 50% and distributes 6.437389% to the City of Ogdensburg. The remaining 43.562611% is distributed to towns and villages based on property value and population. Additional 1.00%: The County retains 83.562611% and distributes 6.437389% to the City of Ogdensburg. The remaining 10% is distributed to towns and villages based on property value and population.
Saratoga	City Town Village	3.00%	Saratoga Springs	Mechanicville	All 3.00%: The County distributes 50% to the City of Mechanicville, towns and villages based on property value. The remaining 50% is retained by the County, except for \$3 million distributed to cities (including Saratoga Springs), towns and villages by population, an additional \$542,000 for the City of Mechanicville and \$60,000 for the Town of Milton.
Schenectady	City Town Village	4.00%		Schenectady	First 3.00%: From 12/1/12 to 11/30/13, the County allocated \$11.7 million to the City of Schenectady and \$7.8 million to towns and villages, with the balance retained by the County. Since 12/1/13, the County allocates to the City the same percentage of net collections as from 12/1/12 to 11/30/13. Towns and villages continue to receive \$7.8 million, with the balance retained by the County. Additional 0.50%: The County distributes 70% to Metroplex. The remaining 30% is distributed to towns and villages based on population in accordance with latest decennial federal census. Additional 0.50%: Retained by County.
Schoharie	Town Village	4.00%			All 4.00%: The County retains 95% and distributes 5% to towns and villages, based on property value.
Schuyler	Town Village	4.00%			All 4.00%: The County retains 80% and distributes 20% to towns and villages, based on property value.
Seneca	County retains 100%	4.00%			N/A
Steuben	City Town Village	4.00%		Corning Hornell	First 3.00%: The County retains 50% and distributes 50% of collections outside of the cities to towns and villages, based on property value. Additional 1.00%: The cities of Corning and Hornell each receive \$765,000 and the towns and villages share \$750,000 based on property value. The County retains the balance.

Source: All sales tax sharing agreement and arrangement summaries are based on information provided by local officials.
*County tax rate does not include 0.375 percent for the Metropolitan Commuter Transportation District.

Appendix C

Summary of County Sales Tax Sharing Agreements and Arrangements

County Name	Recipients of County Distribution	County Rate	Pre-empting Cities?		Summary of Sharing Agreements and Arrangements (Based on information provided by local officials)
			Yes	No	
Suffolk*	Towns and Villages with Police Departments	4.25%			All 4.25%: Set negotiated amount is shared with each town and village with a separate police department. Balance is retained by County.
Sullivan	County retains 100%	4.00%			N/A
Tioga	Town Village	4.00%			First 3.00%: The County retains 67% and distributes 33% to towns and villages based on population and property value, respectively. Additional 1.00%: Retained by the County, 50% for capital fund, 50% for general fund. (All energy products are only taxed on the first 3.00%)
Tompkins	City Town Village	4.00%	Ithaca		First 3.00%: The County retains 50% and distributes 50% to towns and villages based on population. Additional 1.00%: The County retains 75% and distributes 25% to the City of Ithaca, towns and villages.
Ulster	City Town	4.00%		Kingston	All 4.00%: The County retains 85.50% and distributes 11.50% to the City of Kingston and 3% to towns based on property value. The City retains the lesser sum of either 11.50% of current or previous sales tax period and 11.50% of the year-to-year increase amount if the increase is greater than 1.5%; towns retain 3%, and the County retains the remaining amount (85.50%).
Warren	Town Village	3.00%	Glens Falls		All 3.00%: The County retains 50% and distributes 50% to towns and villages, based on property value. The County also has an agreement (signed in 2004) to pay the City of Glens Falls 2% of the County share on a quarterly basis. This payment is in addition to the City's pre-empted 1.5%.
Washington	Town Village	3.00%			All 3.00%: Each sales tax year (August 1-July 31), 7% of the total collection is shared with towns and villages based on 50% population and 50% property value. Balance is retained by County.
Wayne	Town Village School District	4.00%			All 4.00%: The County retains 50% and distributes 33% to school districts and 17% to towns. Distributions to school districts are based on average daily attendance. Distributions to towns are based on population. Where there is a village within the town, a distribution is made between the town and village based on property value. The school districts are capped at a maximum distribution of \$5.4 million. Balance is retained by County.
Westchester*	City Town Village	4.00%	Mount Vernon New Rochelle White Plains Yonkers	Peekskill Rye	First 1.50%: Retained by County. Additional 1.00%: County retains 33.33% and distributes 50% to towns, villages, and the cities of Rye and Peekskill based on population, and 16.67% to school districts based on population within the County. Additional 0.50%: County retains 70% and distributes 20% to towns, villages, and the cities of Rye and Peekskill based on population, and 10% to school districts based on population within the County. Additional 1.00%: County retains 70% and distributes 20% to towns, villages, and the cities of Rye and Peekskill based on population, and 10% to school districts based on population within the County.
Wyoming	County retains 100%	4.00%			N/A
Yates	County retains 100%	4.00%			N/A

Source: All sales tax sharing agreement and arrangement summaries are based on information provided by local officials.
Note: Suffolk County reports that it has a sales tax sharing arrangement with other local governments but it did not report any "distributions of sales tax" in its annual financial report for fiscal year ending 2019.
 *County tax rate does not include 0.375 percent for the Metropolitan Commuter Transportation District.

Notes

- ¹ For the purpose of this report, the phrase “local sales tax” includes revenues received from the general sales tax (including the compensating use tax, which is described in Appendix B on page 16), as well as certain locally imposed excise taxes reported by local governments in the financial reports that they submit to the Office of the New York State Comptroller (OSC) on an annual basis. New York City (NYC) sales tax revenue includes all “sales and use tax” revenue except mortgage recording tax; data is provided by the NYC Comptroller’s Office, *Comprehensive Annual Financial Reports*, at www.comptroller.nyc.gov/reports/comprehensive-annual-financial-reports/.
- ² Tax Law, Section 1105.
- ³ For a list of the types of taxable goods and services in NYC, see NYC Department of Finance, “New York State Sales and Use Tax”, at www1.nyc.gov/site/finance/taxes/business-nys-sales-tax.page.
- ⁴ For additional information regarding sales tax exempt items, see New York State Department of Taxation and Finance (Tax and Finance), *Publication 750: A Guide to Sales Tax in New York State*, p. 25, at www.tax.ny.gov/pdf/publications/sales/pub750.pdf.
- ⁵ William F. Fox, “History and Economic Impact of the Sales Tax,” *Sales Taxation*, edited by Jerry Janata, Institute for Professionals in Taxation, September 2003; Robert B. Ward, *New York State Government, 2nd Edition*, SUNY Press, 2006.
- ⁶ Chapter 873, Laws of 1934.
- ⁷ Chapter 278, Laws of 1947.
- ⁸ Chapter 93, Laws of 1965. The compensating use tax is described in Appendix B on page 16.
- ⁹ New York State Division of the Budget (DOB), *FY 2021 Economic and Revenue Outlook*, p. 122, www.budget.ny.gov/pubs/archive/fy21/exec/ero/fy21ero.pdf.
- ¹⁰ New York State Tax Law (Tax Law), Section 1210.
- ¹¹ In cases where a vendor does not collect sales tax – such as when a purchase is made out of State for in-State use – the buyer is responsible for reporting the “compensating use tax,” which is equal to the sales tax that would have been collected by the vendor. The compensating use tax is applied to, among other things, any purchases made outside of the State and used in New York State, catalog or internet sales from an out-of-State seller, or purchases made in a different taxing jurisdiction in New York State than the one where they are used. In the last case, the compensating use tax would only be relevant if the jurisdiction where the sale was made had a lower sales tax rate than the one where it was used, and then the compensating use tax would be equal to the difference between the rates. For more information on use tax for individuals and businesses, see Tax and Finance, *Use Tax for Businesses: Tax Bulletin ST-910 and Use Tax for Individuals (Including Estates and Trusts): Tax Bulletin ST-913*, at www.tax.ny.gov/bus/st/stdix.htm.
- ¹² Some cities and school districts impose sales taxes only on certain services, such as utilities, and receive monthly distributions based on those collections from the State. For monthly sales tax revenue distributions, see Tax and Finance, AS001 reports, at www.tax.ny.gov/research/stats/statistics/sales_tax/government/as001.htm.
- ¹³ Tax Law, Section 1210. All local sales tax rate data are from Tax and Finance, *Publication 718: New York State Sales and Use Tax Rates by Jurisdiction Effective August 1, 2019*, at www.tax.ny.gov/pdf/publications/sales/pub718.pdf.
- ¹⁴ All references to county sales taxes in this report exclude the five boroughs of NYC, which, while treated as counties for specific purposes, do not have the statutory authority to impose a local sales tax.
- ¹⁵ Tax Law, Section 1109.
- ¹⁶ The act of pre-emption occurs when a city imposes a sales tax and the county it is within also imposes its own sales tax. For more information on pre-emption, see Tax Law, Section 1224.
- ¹⁷ The “local sales tax” in this section is based on fiscal years ending 2019 data. Other than New York City, which reports separately, all data is based on annual financial reports made by counties, cities outside of NYC, towns, villages and school districts to OSC annually. Several local governments, including 2 counties, 9 cities, 95 towns and 36 villages, did not report financial data for 2019 in time for this report. In both the “Local Sales Tax Revenue: Regional Overview” and “Sales Tax Sharing” sections, 2018 data was used for the local governments that did not file 2019 data.

Notes

- ¹⁸ County sales tax revenues do not include sales tax allocations made to other local governments within their jurisdiction.
- ¹⁹ Villages and school districts may also receive sales tax revenue through county distributions. However, the Tax Law allows for small city school districts to impose taxes on utility services, which is a segment of the general sales tax. See Appendix A on page 14 for more details.
- ²⁰ In 2013, Hamilton and St. Lawrence counties increased their sales tax rates from 3 percent to 4 percent, and Essex and Lewis counties increased their rates from 3.75 percent to 4 percent. In 2015, Jefferson County increased its rate from 3.75 percent to 4 percent.
- ²¹ Tax Law, Section 1262.
- ²² Generally, in any county in which a city has pre-empted a portion of the county sales tax within the city, the county is required by Tax Law, Section 1262(d) to allocate the sales tax revenue received from the additional tax collected in the area outside the pre-empting city to the towns and any other cities in the county on the basis of the ratio which the full valuation of real property in each town or city bears to the aggregate full valuation of real property in all towns and cities in that area.
- ²³ Supreme Court of the United States, *South Dakota v. Wayfair, Inc.*, et al., No. 17-494, at www.supremecourt.gov/opinions/17pdf/17-494_j4el.pdf.
- ²⁴ The State Fiscal Year 2019-20 Enacted Budget called for \$59 million in statewide county collections to be withheld annually for “AIM-related payments.” A total of \$34.6 million was withheld in December 2019 and the remaining \$14.4 million was withheld in May 2020.
- ²⁵ “Follow the Money: The MTA’s New Revenues,” *Citizens Budget Commission*, April 5, 2019.
- ²⁶ DOB, *FY 2021 Enacted Budget*, www.budget.ny.gov/pubs/archive/fy21/enac/fy2021-enacted-budget.html.
- ²⁷ For more information on these “control boards,” see www.nifa.ny.gov/, www.ecfsa.ny.gov/index.html and www.bfsa.ny.gov/index.html.
- ²⁸ The Sales Tax Clearing House, *Average Aggregated State and Local Sales Tax Rates*, accessed April 1, 2019, at www.thestc.com/STrates.stm; Federation of Tax Administrators, *2017 State & Local Revenues by Source*, accessed April 1, 2020, at www.taxadmin.org/2017-state-and-local-revenues-by-source.
- ²⁹ Population data are from the U.S. Census Bureau, *Population Estimates for July 1, 2019*, at www.census.gov/programs-surveys/popest.html
- ³⁰ Federation of Tax Administrators, *State Sales Tax Rates and Food & Drug Exemptions*, as of January 1, 2020, at www.taxadmin.org/assets/docs/Research/Rates/sales.pdf.
- ³¹ For more information on sales and use tax rates on clothing and footwear, see Tax and Finance, *Publication 718-C: Sales and Use Tax Rates on Clothing and Footwear*, at www.tax.ny.gov/pdf/publications/sales/pub718c.pdf.
- ³² Lockport imposes a tax on “admissions, club dues, food, drink, amusements, and utilities services.” Long Beach imposes a tax on “hotel occupancy and restaurant meals.” Niagara Falls imposes a tax on “admissions, club dues, food, drink, amusements, hotel occupancy and utilities services.” Newburgh and Port Jervis each impose a “consumer utility tax.” See Tax and Finance, *Annual Statistical Report of New York State Tax Collections: Statistical Summaries and Historical Tables, Fiscal Year 2018-2019*, pp. 47-48, at www.tax.ny.gov/pdf/2018-19_collections/FY_18_19_Collections_Report.pdf.
- ³³ Tax and Finance, *Quick Reference Guide for Taxable and Exempt Property and Services: Tax Bulletin ST-740*, at www.tax.ny.gov/pubs_and_bulls/tg_bulletins/st/quick_reference_guide_for_taxable_and_exempt_property_and_services.htm.
- ³⁴ Tax and Finance, *Sales and Compensating Use Tax Treatment of Certain Information Services: TSB-M-10(7)S*, July 19, 2010, at www.tax.ny.gov/pdf/memos/sales/m10_7s.pdf?_ga=2.154130680.1532710162.1554727641-131264370.1538662315.

Notes

- ³⁵ Taxes on utility services are different from the excise tax that cities and villages can impose on the gross income of utilities operating in their jurisdiction (referred to as the “utility gross receipts tax”). For the most recent list of the taxing jurisdiction that impose taxes on utility services, see Tax and Finance, *Publication 718-R: Local Sales and Use Tax Rates on Residential Energy*, at www.tax.ny.gov/pdf/publications/sales/pub718r.pdf and *Tax Bulletin ST-810.8: Taxes on Telephone Services*, at www.tax.ny.gov/pdf/2019/st/st810_8_1219.pdf.
- ³⁶ For more information on hotel and motel occupancy taxes, see Tax and Finance, *Hotel and Motel Occupancy: Tax Bulletin ST-331*, at www.tax.ny.gov/pdf/tg_bulletins/sales/b12_331s.pdf.
- ³⁷ Tax and Finance, *Admission Charges to a Place of Amusement: Tax Bulletin ST-8*, at www.tax.ny.gov/pubs_and_bulls/tg_bulletins/st/admission_charges.htm, and *Quick Reference Guide for Taxable and Exempt Property and Services: Tax Bulletin ST-740*, at www.tax.ny.gov/pubs_and_bulls/tg_bulletins/st/quick_reference_guide_for_taxable_and_exempt_property_and_services.htm.
- ³⁸ For more information on tax-exempt property and services, see Tax and Finance, *Quick Reference Guide for Taxable and Exempt Property and Services: Tax Bulletin ST-740*, at www.tax.ny.gov/pubs_and_bulls/tg_bulletins/st/quick_reference_guide_for_taxable_and_exempt_property_and_services.htm.
- ³⁹ For more information on sales and use tax rates on clothing and footwear, see Tax and Finance, *Publication 718-C: Sales and Use Tax Rates on Clothing and Footwear*, at www.tax.ny.gov/pdf/publications/sales/pub718c.pdf.
- ⁴⁰ Tax Law, Section 1137(f).
- ⁴¹ DOB, *FY 2021 Economic and Revenue Outlook*, p. 124.
- ⁴² For more information on the compensating use taxes, see Tax and Finance, *Tax Bulletin ST-910: Use Tax for Businesses and Tax Bulletin ST-913: Use Tax for Individuals (Including Estates and Trusts)*, at www.tax.ny.gov/bus/st/stidx.htm.
- ⁴³ See General City Law, Section 20-b and Village Law, Section 5-530 generally authorizing cities and villages to impose a tax of 1 percent on the gross income of utilities operating in their jurisdiction.
- ⁴⁴ For more information on NYC’s various excise taxes, go to www1.nyc.gov/site/finance/taxes/business.page.

Contacts



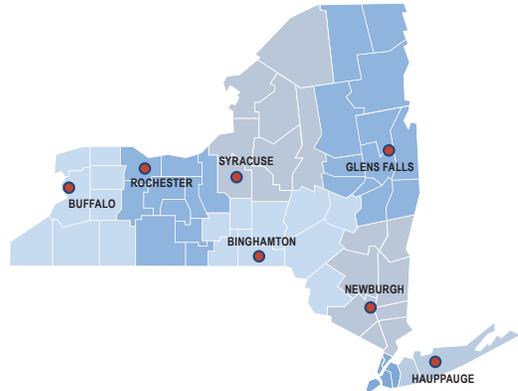
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