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NASSAU COUNTY LEGISLATURE
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Inter-Departmental Memo

To: Hon. Howard J. Kopel, Chairman of the Budget Review Committee
All Members of the Budget Review Committee

From: Maurice Chalmers, Director
Office of Legislative Budget Review

A handwritten signature in blue ink, appearing to be "M. Chalmers", written over a circular stamp.

Date: December 12, 2014

Re: Year-to-date Sales Tax Collections

With the receipt of the December 12th sales tax distribution check, the County has received sales tax payments on all purchases made through October 31, 2014. On a year-to-date basis, receipts compared to the same time period in 2013 have decreased by 4.6%.

The chart below details gross year to date sales tax collection for 2014 compared to 2013.

Sales Tax Receipts

(Payments Received Through December 12, 2014 in millions)

| | <u>2013</u> | <u>2014</u> | <u>Variance \$</u> | <u>Variance %</u> |
|---------------------|-------------|-------------|--------------------|-------------------|
| Gross YTD Sales Tax | \$981.0 | \$935.5 | (\$45.5) | -4.6% |

If there is no growth for the remainder of year, a \$69.0 million deficit compared to the FY 14 Adopted Budget would exist.

The December 12th 2014 check was up 14.5% from the same check last year. The increase coincides with both the October and November 2014 increase in national retail sales and analysts projection of a 4.1% annual increase in holiday spending.

According to the Commerce Department, in October 2014 national retail sales increased 0.3% from the prior month.¹ In November 2014, national retail sales rose 0.7% from the prior month. Strong motor vehicle sales as well as holiday purchases were seen as the impetus behind the November increase.

Industry experts are seeing a shift in consumer purchasing behavior. Individuals are said to be spreading out their purchases, rather than shopping on specific days. Cognizant of this, retailers began offering deals in the days and weeks prior to Black Friday. This trend was given credence when monthly national sales were up despite a fall in Thanksgiving weekend shopping.²

Over the four day Thanksgivings weekend, both traffic and sales volume fell. Analyst opined that the season would be “a marathon not a sprint” and that individuals could still be waiting for better deals to come.³ The following chart details the shopping traffic and amount spent both in total and online.

| US 4 Day Thanksgiving Weekend Shopping Statistics | | | | | |
|--|---------------------------|----------------|---------------|----------------------|-------------------|
| Year | Traffic (unique shoppers) | Total Dollars | Average Spent | Total Online Dollars | Online % of Total |
| 2013 | 141,100,000 | 57,200,000,000 | 407.02 | 25,168,000,000 | 44.0% |
| 2014 | 133,700,000 | 50,900,000,000 | 380.95 | 21,378,000,000 | 42.0% |
| % | -5.2% | -11.0% | -6.4% | -15.1% | -4.5% |

Source: National Retail Federation

The next sales tax check, distributed on December 30th, 2014, will be the quarterly adjustment and represent all sales through November 2014.

If you should have any further questions, please contact my Office.

cc: Hon. George Maragos, Nassau County Comptroller
 Steven Labriola, Nassau County Chief Deputy Comptroller
 Eric Naughton, Deputy County Executive
 Roseann D’Alleva, Budget Director, OMB
 Evan Cohen, Executive Director, NIFA
 David Gugerty, Minority Chief of Staff
 Dan McCloy, Director of Law, Finance & Operations
 Gregory May, Director of Legislative Affairs
 William Muller, Clerk of the Legislature

¹ The Associated Press, “Retail Sales Rise on Autos, Online Purchases”, Long Island Business News, November 14, 2014.

² Banjo, Shelly, “Black Friday” Fades for Retail Sales”, The Wall Street Journal, December 1, 2014.

³ Wallace, Gregory, “Fewer Shoppers Hit the Stores on Black Friday”, CNN/Money.com, November 30, 2014.