



NASSAU COUNTY LEGISLATURE  
1550 FRANKLIN AVENUE, ROOM 126  
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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 "MC", written over a circular stamp or mark.

Date: April 11, 2014

Re: FY 14 Sales Tax

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The County's latest sales tax distribution check dated April 11, 2014 includes quarterly adjustments for the period of December 1, 2013 through February 28, 2014. With these remittances, the 2014 year-to-date total distribution is \$203.0 million, which represents a decrease of 14.8% when compared to the same time period last year. The decline likely reflects the return to a more normalized sales activity as fiscal 2013 sales tax receipts were artificially inflated due to the rebuilding efforts immediately following Superstorm Sandy. In addition, the abnormally cold and snowy winter weather may have depressed sales activity.

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

	<b>Sales Tax Receipts</b>			
	(Payments Distributed Through April 11, 2014 in millions)			
	<b>2013</b>	<b>2014</b>	<b>Variance \$</b>	<b>Variance %</b>
Gross YTD Sales Tax	\$238.3	\$203.0	-\$35.3	-14.81%

Notably, when the most recent distribution is compared to the same check dated April 12, 2013, it represents a significant decrease of 72.2%. It is important to take into account that the first several distribution checks in a quarter are based on New York State sales estimates for current

year growth given the previous year performance. The later checks, including the most recent, in each quarter are adjusted to account for actual sales activity. In essence, the first several distributions for 2014 did not account for the one-time nature of the 2013 growth. The April 11, 2014 check includes a partial adjustment for the First Quarter of 2014; the final first quarter distribution check will be remitted on May 12, 2014.

Fiscal 2013 sales tax receipts were artificially inflated as a large portion of the growth likely reflects the rebuilding efforts immediately following Superstorm Sandy. For instance, the April 11, 2013 check was a 29.5% increase over the same distribution check in 2012. Check to check comparisons are not the best tool to analyze sales tax performance and a better understanding of first quarter performance will be obtained from comparing quarter to quarter performance.

To achieve the 2014 sales tax budget, a growth of 6.52% is required for the rest of the year. Several sales tax growth scenarios are displayed below with the corresponding budget impact. If the County experienced a 3% growth rate for the remainder of the year, sales tax receipts would experience a deficit of \$31.6 million compared to budget.

Year over Year Growth Rate	Budget Impact (millions)
-5.00%	-103.6
-4.00%	-94.6
-3.00%	-85.6
-2.00%	-76.6
-1.00%	-67.6
0.00%	-58.6
1.00%	-49.6
2.00%	-40.6
3.00%	-31.6
4.00%	-22.6
5.00%	-13.6

If you should have any further questions, please let me know.

- cc: Hon. George Maragos, Nassau County Comptroller  
 Steven Labriola, Nassau County Chief Deputy Comptroller  
 Tim Sullivan, 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