



NASSAU COUNTY LEGISLATURE  
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### Inter-Departmental Memo

To: Hon. John Ferretti, Chairman of the Budget Review Committee  
All Members of the Nassau County Legislature

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 13, 2022

Re: FY 22 Year-to-Date Sales Tax

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With the receipt of the April 12, 2022 sales tax check, the County has collected all sales tax payments for purchases made through February 28, 2022.

Year-to-date sales tax collections total \$296.5 million. This is an increase of \$36.3 million, or 14.0% over the receipts through the same period last year. The chart below details the year-to-date gross sales tax payments through April 12, 2022 compared to the same period last year.

#### 2022 Year-to-Date Sales Tax Receipts

(figures in millions)

	2021	2022	Variance \$	Variance %
Gross YTD Sales Tax	\$260.1	\$296.5	\$36.3	14.0%

The total sales tax revenue in the 2022 Adopted Budget, excluding the deferred piece, is \$1,375.0 million. Assuming the part-county sales tax collections equal budget, remaining checks could fall by 9.23%, which is an unlikely scenario, and the total sales tax budget would be achieved. The following chart details the fiscal sales tax net relative to the budget assuming different growth rates on the remaining sales tax checks.

<b>Remaining Growth</b>	<b>Result</b>	<b>After Deductions</b>
0.0%	\$109.7	\$81.5
2.0%	\$133.5	\$105.3
<b>3.0%</b>	<b>\$145.3</b>	<b>\$117.2</b>
5.0%	\$169.1	\$140.9
8.0%	\$204.8	\$176.6
10.0%	\$228.5	\$200.3

The net after the deductions column in the above chart reflects collections after the payments are withheld for the distressed hospital fund and the Aid and Incentives for Municipalities (AIM) program as well as adjusting the results for an estimated Part B deferral surplus. This total deduction amount will be adjusted in ensuing memos as the State Budget included proposals that could decrease the amounts that are withheld.

Looking forward, the economy is facing uncertainties. Inflation is at a 40-year high of **8.5% Nationally**.<sup>1</sup> This represents the general increase in prices and diminishes the purchasing value of money. To curb inflation, the Federal Reserve recently raised interest rates 0.25% for the first time since 2018.<sup>2</sup>

However, through February 2022 the local economy has been able to successfully move forward despite the current forces. New York State Department of Labor figures show that from an annual perspective, the number of employed Nassau County residents grew by 4.5% in February 2022. Simultaneously, Long Island’s economy added 54,200 jobs in February 2022 compared to the prior year. These forces are expected to impact consumer and business behavior and therefore County revenues.

Although the threat exists, no recession is currently being forecast in the United States. However, surveys show that analysts have increased the probability of a recession. Below are the current economic forecasts for real US gross domestic product, GDP.

<b>Current Real US GDP 2022 - 2024 Forecasts, Feb. / Mar. 2022</b>			
	<b>2022</b>	<b>2023</b>	<b>2024</b>
Fannie Mae	2.3%	2.2%	
Mortgage Bankers Association	3.1%	2.5%	1.9%
Federal Reserve Bank - Phil.	3.7%	2.7%	2.3%
The Conference Board	3.0%	2.3%	
<b>Average US GDP Forecast</b>	<b>3.0%</b>	<b>2.4%</b>	<b>2.1%</b>

At a more local level, recent surveys show that New York State residents are concerned about inflation. A recent survey revealed that consumers are planning to curb their spending due to

<sup>1</sup> “U.S. Inflation Jumped 8.5% in Past Year, Highest Since 1981”, [Newsday.com](#), April 12, 2022.

<sup>2</sup> Zilber, Ariel, “Fed Boosts Interest Rates by 0.25% in Bid to Tame Soaring Inflation”, [NYPost.com](#), March 16, 2022.

inflation. The table below itemizes the results of Siena Research Institute’s survey of New York State Residents:

<b>New York Residents' Response to Inflation</b>	
<b>Percentage</b>	<b>Action</b>
69%	Will buy less in general
67%	Will buy less expensive items
28%	Plan to dip into savings to pay for everyday expenses
35%	Plan to get a second job / generate another income stream
34%	Will postpone or cancel a vacation in the next six months

Source: "Special Economic Impact Survey", Siena Research Institute, 3-24-2022

Additionally, Siena Research Institute’s Index of Consumer Sentiment recently found that inflation plus the ongoing war equals uncertainty for New York consumers. They found that the index had fallen to where it briefly stood when the coronavirus first hit. Below is a table detailing the results of their March 2022 consumer buying plans survey.

<b>New York Statewide Buying Plans Survey</b>					
<b>Category</b>	<b>Mar. 22</b>	<b>Nov. 21</b>	<b>Mar. 21</b>	<b>Qtrly %</b>	<b>Yrly %</b>
Car/Truck	20.6	16.9	17.8	21.9%	15.7%
<b>Consumer Electronics</b>	<b>40.7</b>	<b>43.5</b>	<b>47.1</b>	<b>-6.4%</b>	<b>-13.6%</b>
Furniture	27.1	28.0	32.0	-3.2%	-15.3%
<b>Home</b>	<b>11.1</b>	<b>10.4</b>	<b>10.0</b>	<b>6.7%</b>	<b>11.0%</b>
Major Home Improvement	24.4	25.0	31.1	-2.4%	-21.5%
<b>Total</b>	<b>123.9</b>	<b>123.8</b>	<b>138.0</b>	<b>0.1%</b>	<b>-10.2%</b>

Source: Siena College Research Institute

Compared to this time last year, New York Statewide buying plans are down 10.2% overall. This could be expected to diminish year end 2022 County Sales tax collections. Additionally, County Clerk mortgage and deed recording figures reveal that in March 2022, when interest rates rose, the number of mortgages recorded fell 31.3% and the number of deeds recorded fell 7.2%. The 2022 budgets for these two revenue sources were below the prior year actual. However, there is a risk that collections could fall short of budget. Additionally, much of the decline in mortgage recordings could be attributed to a fall in cash out mortgage refinancing which fueled consumer spending. The refinancing decrease could diminish year end 2022 County Sales tax collections as well. Indeed, a look at the annual growth rates of the sales tax checks received since March 2022, reveals that the most recent check contained the lowest rate of annual growth, 10.1%.

Given the year-to-date actual results and the negative growth that is needed to achieve the budget, OLBR is optimistic that the County will not only achieve the 2022 sales tax budget but will also obtain a surplus. The magnitude of the surplus will depend on future local and national economic trends. However, there are some concerns and any growth in revenue will have to be carefully monitored and prioritized as inflation and rising interest rates pose a risk to several County revenue lines. OLBR will continue to monitor and report on the economy and County sales tax collection trends as additional checks are received by the County.

If you should have any further questions, please do not hesitate to contact the Office.

cc: Andrew Persich, Budget Director, OMB  
Evan Cohen, Executive Director, NIFA  
Chris Ostuni, Majority Counsel  
Peter Clines, Minority Counsel  
Michele Darcy, Minority Finance Director  
Michael Pulitzer, Clerk of the Legislature