

MAURICE CHALMERS
DIRECTOR
OFFICE OF LEGISLATIVE
BUDGET REVIEW



NASSAU COUNTY LEGISLATURE
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Inter-Departmental Memo

To: Hon. Norma Gonsalves, Presiding Officer
Hon. Kevan Abrahams, Minority Leader
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 "M. Chalmers", is written over the name of the sender.

Date: August 23, 2017

Re: Clerk Item 326-17

Attached is a copy of the Fiscal Impact Statement for Clerk Item 326-17, which is on the Legislative Calendar for the August 23, hearing.

326-17: A Local Law amending Local Law 18-1984, as last amended by Local Law 4-2015 and as incorporated in Chapter 4 of Title 9 of the miscellaneous law of Nassau County, in relation to imposing additional rates of sales and compensating use taxes authorized by Section twelve hundred ten of the tax law and continuing a Local Government Assistance Program authorized by Section twelve hundred sixty-two-E of the Law.



**THE NASSAU COUNTY LEGISLATURE
OFFICE OF LEGISLATIVE BUDGET REVIEW
MAURICE CHALMERS, DIRECTOR
FISCAL IMPACT STATEMENT**

TITLE: A Local Law amending Local Law No. 18-1984, as last amended by Local Law 4-2015 and as incorporated in Chapter 4 of Title 9 of the Miscellaneous Laws of Nassau County, in relation to imposing additional rates of sales and compensating use taxes authorized by §1210 of the Tax Law and continuing a Local Government Assistance Program authorized by §1262-E of the Tax Law.

SUMMARY OF LEGISLATION:

The proposed legislation would allow the County to extend its additional three-quarter percent and one-half percent sales tax, for a total of 1.25%. This will maintain the Nassau County sales tax at 4.25% (8.625%, total including the state and MTA). The County is required to establish a Local Government Assistance (LGA) Program for the towns and cities to assist the towns and cities to minimize real property taxes. The funding for the program shall equal one-third of the three-quarters percent sales tax (yields one-quarter percent). The funding for the special assistance will be paid and distributed to towns and cities on a per capita basis using the population figures in the latest decennial federal census.

EFFECTIVE DATE:

This proposed legislation would take effect December 1, 2017.

FISCAL IMPACT:

The FY 17 Adopted Budget for sales tax revenue net of deferrals is 1.142 billion. Without the additional 1.25%, the County sales tax would revert to its 3.0% base. If the County sales tax rate had been lowered to 3% in FY 17, County sales tax collections would have been lowered by approximately \$335.75 million on an annual basis.

Without the rate extension, the County would no longer be obligated to provide Local Government Assistance to Towns, Cities and Villages. The Adopted FY 17 budget for the Local Government Assistance (LGA) Program includes \$67.15 million for the towns and cities. In 2016, \$66.5 million was distributed to the local towns and cities and \$1.25 million to the villages.

ECONOMIC IMPACT: If the current County sales tax rate is not extended, County revenues will be severely impacted and a net negative economic impact can be expected. The shortfall would need to be made up by either increased sales volume, additional property taxes on residents and / or decreased spending. Additionally, if government employment decreases or resident taxes increase to make up for the \$335.75 million revenue shortfall, the net economic impact would be negative. Moreover, sales tax collections are partially paid for by non-County residents; this would

be an additional burden on County citizens. A similar impact could occur in the towns and cities as a result of the elimination of the LGA.

PREPARED BY: Deirdre K. Calley, Deputy Director
Helen M. Carlson, Deputy Director