



**Office of the Nassau County Comptroller**

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**Nassau County Comptroller Jack Schnirman Releases Analysis of COVID-19 Potential Impact on Sales Tax Revenues and County Finances**

*With current phased reopening, projections indicate a potential sales tax drop to range from 12% to 28%; projections indicate that a hypothetical second wave may result in a billion dollar loss in sales tax revenues over two-year period.*

**Mineola, NY** - Nassau County Comptroller Jack Schnirman released an analysis of the potential financial impact that COVID-19 may have on the County's sales tax revenues. Sales tax is the largest source of revenue for Nassau County, historically around 40%.

Under the current phased reopening, the analysis indicates a potential \$156.4 million to \$360.1 million drop in sales tax for 2020. This would be a decline of 12.25% to 28.20% of planned 2020 sales tax revenue. Prior to COVID-19, the County was on track to achieve sales tax growth from the prior year. This growth includes the addition of enhanced internet sales tax as of June 2019, which has mitigated a small percentage of the loss.

Under the hypothetical scenario of a closure related to a second wave, the analysis indicates a potential \$665 million to \$1 billion loss in sales tax revenue over the two-year period from 2020 to 2021.

“These most up-to-date numbers present us a truly troubling set of projections,” said Nassau County Comptroller Jack Schnirman. “COVID-19 has dealt the County economy an unprecedented gut punch and these numbers show the potential effect on County government. Based upon our available data, our new sophisticated modeling tool currently projects worse consequences than previously anticipated. My Office has made modernization a priority and for the first time, we now have a sales tax modeling tool. This will allow us to best analyze and interpret the potential impacts of COVID-19 on sales tax revenue. This analysis and this tool will be critical both during this crisis and going forward beyond it and further highlights the County's critical need for revenue relief from the federal government.”

In developing these projections, the analysis took into account the County's initial 2020 sales tax growth and considered some of the benchmarks provided by other external sources, such as the New York State Association of Counties (NYSAC). NYSAC reported in early May that Nassau County would potentially lose between 9.2% and 22.4% in sales tax revenue.

The analysis, which was prepared using a modeling tool developed in collaboration with and with the expertise of an outside accounting/consulting firm, models Nassau County's sales tax collections and breaks down industry sub-sectors to present a range of scenarios as to how this pandemic may impact the County's primary revenue source.

The modeling tool breaks down the facets of sales tax using the North American Industry Classification System (NAICS) into sectors and sub-sectors and delineates which have been deemed essential or non-essential. It further allows for assumptions to be set on the expected level of business activity of a phased reopening scenario.

For example, Retail Trade represents the largest source of Nassau County's taxable sales and purchases at nearly 60% annually and there are 27 Retail Trade sub-sectors. Accommodation & Food Sources represents the 2nd largest source of Nassau County's taxable sales and purchases at 11% annually. The majority of taxable sales within this sector are in the Restaurant and Other Eating Places sub-sector.

This modeling tool is a helpful addition to the Comptroller's modernization efforts. The major feature of this modeling tool is the ability to make projections in real time with the most up-to-date information available. As New York State's phase-in process develops, these changes can be accounted for. Moreover, it will be a vital tool that can be used to analyze sales tax revenues going forward, after the crisis has subsided.

"These projections show potential low and high impact ranges based on a variety of factors that we will continue to monitor and reflect the best information we have at this time. As new data and information are updated, the Comptroller's Office will use this tool and other techniques to update these projections so that our County Executive and Legislature are armed with the data they need to make choices for residents," concluded Schnirman. "We thank the County Executive and the Legislature for their support in enabling the Comptroller's Office to conduct this analysis, and we appreciate the unity we have seen in getting through this crisis together and ensuring that Nassau County can continue to operate now and into the future."