

DRAFT January 26, 2017

RESOLUTION TO MEMORIALIZE THE VILLAGE OF NEW PALTZ AND TOWN OF NEW PALTZ'S ALLOCATION OF PROCEEDS FROM THE SALES TAX AGREEMENT BETWEEN THE COUNTY OF ULSTER AND CITY OF KINGSTON

WHEREAS, As in 42 of the state's 58 counties outside of New York City, New York State (4%) and Ulster County (4%) sales tax rates combine to produce a total rate of eight percent (8%) rate in our county; and

WHEREAS, total sales tax revenue within Ulster County for 2018 is projected to be \$235,263,136, of which \$117,631,568¹ is projected to be the local government share; and

WHEREAS, \$2.7 billion² worth of taxable goods, services, motor fuel, clothing, and footwear was sold in Ulster County from March 1, 2016 through February 28, 2017 and New Paltz's contribution (sales in the 12561 zip code) was \$141 million³; and

WHEREAS, Ulster County and the City of Kingston have historically entered into sales tax revenue sharing agreements and have entered into their most recent five-year Sales Tax Agreement on June 13, 2016 (the "Agreement"); and

WHEREAS, pursuant to said Agreement, the 4% local share is split so that the City of Kingston receives eleven and one-half percent (11.5%), the twenty Ulster County towns and three villages share three percent (3%), the school districts receive no sales tax revenue, and the County retains the remaining eighty five and one-half percent (85.5%); and

WHEREAS, for the 12-month period through February 2017, \$218 million in sales tax revenues were generated in Ulster County including \$11.3 million in New Paltz, based on the 8% sales tax rate; and

WHEREAS, New Paltz's contribution of \$11.3 million would represent 5.2% of countywide sales tax revenues of \$218 million yet New Paltz would only receive approximately 0.1% or \$225,000 based on the Agreement; and

WHEREAS, according to the 2015 US Census County Business Patterns, New Paltz is home to an estimated eleven and three-tenths percent (11.3%) of the businesses in Ulster County; and

WHEREAS, among local governments, New York State law entitles counties and cities to sales tax revenues, with shares for other local governments and school districts determined at county discretion via Sales Tax Agreements or for specific counties, in some measure, by state law; and

WHEREAS, the distribution of these revenues via Sales Tax Agreements varies widely across the state. For example, in 2015, 18 of the 58 counties outside of New York City retained 50%, 11 counties retained 100%, and the lowest rate was 35%; and

WHEREAS, the Town of New Paltz – which includes the Village of New Paltz – represents approximately six and nine-tenths percent (6.9%) of equalized property values for the Ulster County towns and villages; and

WHEREAS, the Village of Saugerties and Village of Ellenville have elected to receive sales tax revenue directly so their respective town governments only receive the portion for property values outside their villages; and

WHEREAS, in comparison, New Paltz's share of funds from the Agreement have historically been distributed exclusively to the Town of New Paltz and used in its A-fund for Town and Village-wide expenses; and

WHEREAS, if the Village of New Paltz receives its share directly instead of via the Town – using recent property values and \$225,000 in proceeds – the Village would collect \$58,871 (26%) and the Town's share would be reduced to \$166,129 (74%); and

WHEREAS, the Village and Town of New Paltz wish to continue with the current arrangement, subject to future re-evaluation,

NOW THEREFORE, IT IS HEREBY RESOLVED, the Village of New Paltz and the Town of New Paltz agree to continue at this time to having funds from the Sales Tax Agreement paid directly to the Town of New Paltz, and it is further

RESOLVED, that this resolution shall be effective up to and including December 31, 2018 and shall be re-evaluated prior to the 2019 calendar year to determine whether or not it is beneficial for the residents of the Town and Village of New Paltz to continue such arrangement, and it is further

RESOLVED, that in the event that no subsequent action is taken with respect to this Resolution, same shall continue until such time as an alternate tax revenue sharing policy is adopted.

BE IT FURTHER RESOLVED, that the Village Clerk is directed to send a copy of this resolution to the State Senator John Bonacic, State Assemblyman Kevin Cahill, County Executive Michael Hein, City of Kingston Mayor Steve Noble, Ulster County Legislative Chair Kenneth Ronk, Ulster County Legislators Hector Rodriguez and James Delaune, and Town of Ulster Supervisor James Quigley (President of the Ulster County Association of Town Supervisors and Mayors).

(1) 2018 Executive Budget Summary - Ulster County Government

(2) <https://tinyurl.com/NYS-TaxableSaleAndPurchases>

(3) New York State Department of Taxation and Finance