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NYSAC[®]

NEW YORK STATE
ASSOCIATION OF COUNTIES

SALES TAX REPORT



Prepared by:
The County Government Institute

Local Sales Tax in New York State

Local sales tax has become more important to county government as a major revenue source over the decades. It is also important for cities, towns, villages and some school districts because most counties share their sales tax with these municipalities. Sales tax is a key revenue that supports the costs of local services (as well as state mandates for counties) and to help reduce pressure on property taxes.

In general, sales tax is applied to purchases of:

- Tangible personal property (with some exemptions);
- Utility (gas, electricity, telephone, and refrigeration and steam) services;
- Other selected services (for example, interior decorating and detective services);
- Food and beverages sold by restaurants, taverns and caterers;
- Hotel occupancy; and
- Certain admission charges and dues.

County Adoption of Local Sales Tax

New York State, like many states, first established a temporary sales tax in the 1930's as a way to address public service needs during the Great Depression and its aftermath. New York City was granted authority to set a local sales tax as well during this time. According to the New York State Comptroller's office, in 1947, the state authorized cities and counties to impose locally administered sales tax¹.

In 1965, New York State modified its sales tax model by establishing a 3 percent state sales tax, while replacing the locally administered sales tax with a local option sales tax to be administered by the State of New York. Only a handful of counties opted in the first year, but by 1968, nearly 30 counties had adopted a local option sales tax². The adoption by counties of the local sales tax was driven by state mandates that required counties to finance nearly half of the nonfederal share of Medicaid, as well as the requirement to pay for new and expanded state and federal social welfare programs during this period. By 1972, 44 counties had adopted the local sales tax option at 3 percent. The final 13 counties adopted their local sales tax option after 1980, with the last finally joining the ranks in 1997.

The most recent period of significant changes in county sales tax rates occurred between 2001 and 2006. During this period, the State Legislature and Governor enacted a sweeping expansion of Medicaid eligibility and benefits, for which counties paid a set percentage of the program costs. In addition, the state also enacted enhanced pension benefits for government workers during this time frame (local governments are required to participate in the state designed pension system). The combination of these state actions, combined with a recession, caused these program costs to spike. As a result, 37 counties and New York City raised their local sales tax rates to help pay the new state-imposed costs and to mitigate increases in property taxes. *Exhibit 1* provides a list of county sales tax rates in effect today.

¹ NYS Comptroller: Local Government Sales Tax in New York: 2015 Update; Chapter 278, Laws of 1947.

² NYS Department of Taxation and Finance: Publication 718-A

Exhibit 1

County Sales and Use Tax Rates			
County	County Tax Rate %	County	County Tax Rate %
Albany	4.00%	Niagara	4.00%
Allegany	4.50%	Oneida	4.75%
Broome	4.00%	Onondaga	4.00%
Cattaraugus	4.00%	Ontario	3.50%
Cayuga	4.00%	Orange*	3.75%
Chautauqua	4.00%	Orleans	4.00%
Chemung	4.00%	Oswego	4.00%
Chenango	4.00%	Otsego	4.00%
Clinton	4.00%	Putnam*	4.00%
Columbia	4.00%	Rensselaer	4.00%
Cortland	4.00%	Rockland*	4.00%
Delaware	4.00%	Saratoga	3.00%
Dutchess*	3.75%	Schenectady	4.00%
Erie	4.75%	Schoharie	4.00%
Essex	4.00%	Schuyler	4.00%
Franklin	4.00%	Seneca	4.00%
Fulton	4.00%	St. Lawrence	4.00%
Genesee	4.00%	Steuben	4.00%
Greene	4.00%	Suffolk*	4.25%
Hamilton	4.00%	Sullivan	4.00%
Herkimer	4.25%	Tioga	4.00%
Jefferson	4.00%	Tompkins	4.00%
Lewis	4.00%	Ulster	4.00%
Livingston	4.00%	Warren	3.00%
Madison	4.00%	Washington	3.00%
Monroe	4.00%	Wayne	4.00%
Montgomery	4.00%	Westchester*	3.00%
Nassau*	4.25%	Wyoming	4.00%
New York City*	4.50%	Yates	4.00%

- New York State imposes a 4% sales tax that would be added to county rates (and any MCTD tax rate) to determine a full sales tax rate.

* These counties are also subject to a 3/8% Metropolitan Commuter Transportation District (MCTD) sales tax

- Rates Effective as of December 1, 2015

Sales Tax Revenue Grows in Importance

In 2018, total sales tax collected in New York State exceeded \$31.6 billion, as follows:

- New York State..... \$14.2 billion (45 percent of the total)
- New York City..... \$7.8 billion (24.7 percent)
- Counties..... \$6.3 billion (19.9 percent after sharing w/local governments)
- Other Local Governments.. \$1.9 billion (6.0 percent – as part of county sales tax sharing)
- MTA..... \$1 billion (3.2 percent)
- Cities (preempt)..... \$400 million (1.3 percent)

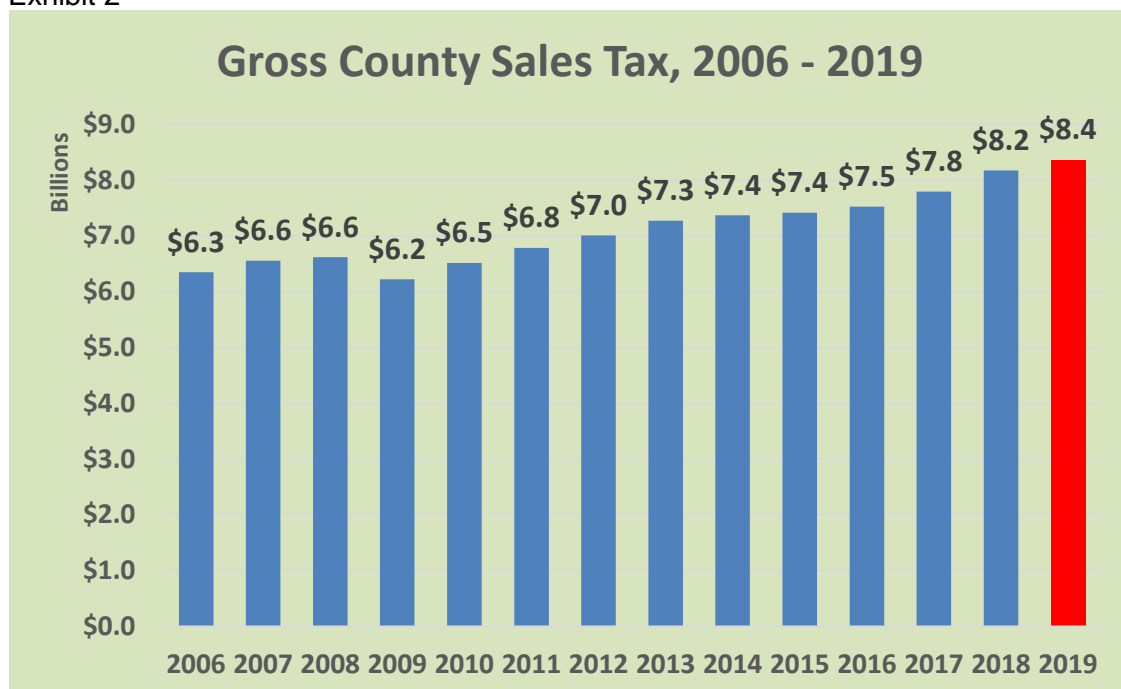
County Sales Tax

While sales tax revenues are more volatile than property taxes, especially during recessionary periods, they have grown in importance to counties over time. From 1996 to 2018 about two out of three counties have seen their reliance on sales tax increase compared to property taxes. In 2018, 22 counties collected more in sales tax (after sharing with municipalities) than they did in property tax. The greater reliance on sales tax is linked to a variety of factors, but a few key reasons include:

- Property taxes are viewed less favorably by a typical taxpayer;
- Sales tax can be exported to some degree through tourism and travelers passing through an area; and
- The sales tax base (as measured by total taxable sales in the counties, not including NYC) grew significantly from \$104 billion in 1996 to \$197 billion in 2018, nearly doubling in size and outstripping the rate of inflation during this period. (Compiled from data from the NYS Department of Taxation and Finance.)

As sales tax grew, property taxes as a share of total county revenues declined. *Exhibit 2* shows the most recent trend in gross county sales tax collections since 2006 (before sales tax sharing) – 2019 is an estimate (red).

Exhibit 2

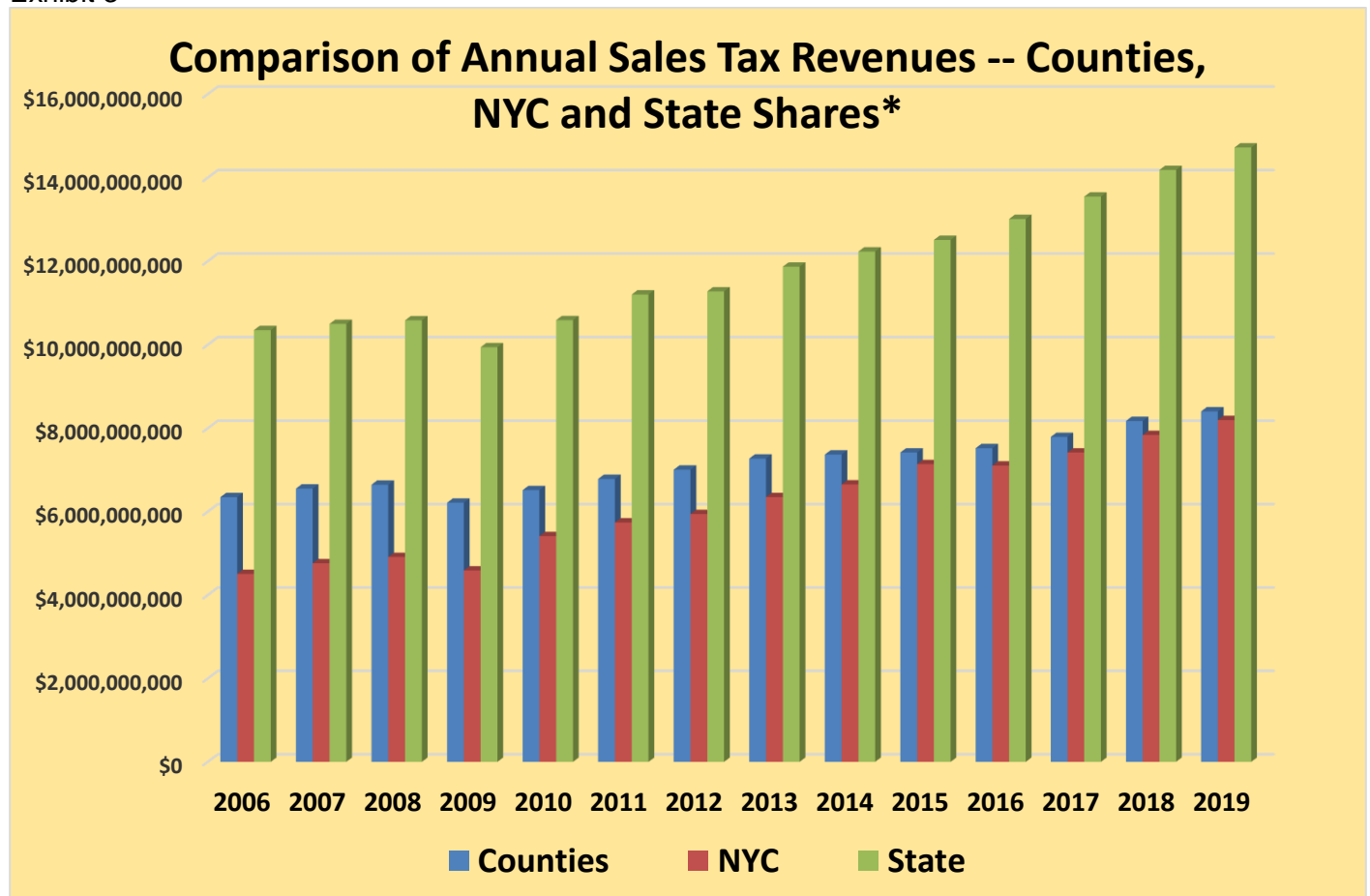


New York City Sales Tax

The experience for New York City has been different. Even with astronomical growth in sales tax since 1996, the City's share of total tax revenues coming from sales and use tax has declined from 15.1 percent in 1996 to 13.4 percent in 2016 according to data compiled by the Independent Budget Office. As described above for counties, New York City's total taxable sales base grew from \$31 billion in 1996 to \$160 billion in 2018, increasing by a factor of five. However, property tax revenues increased as a share of the City's total tax revenues from 39.2 percent in 1996 to 43.2 percent in 2016. New York City has a more diverse economic and revenue base (including a city income tax) than counties, and the City has benefitted from a very robust real estate market the last couple of decades which helps explain part of this revenue trend.

The strength of individual county, city and regional economies can strongly influence sales tax collections year over year. The New York City economy has shown more consistent growth in the years since the Great Recession and that is highlighted in *Exhibit 3*, which breaks down sales tax growth for the state, counties and New York City (red bar). As the chart shows, the City collected far less than the rest of the counties in 2006 but were buoyed by a strong economy and a sales tax rate increase in 2009 from 4.0% to 4.5%, narrowing the gap with counties significantly by 2019. Given current sales tax trends it is likely that New York City's sales tax collections will surpass all other counties combined gross sales tax collections (before sharing) in the next several years.

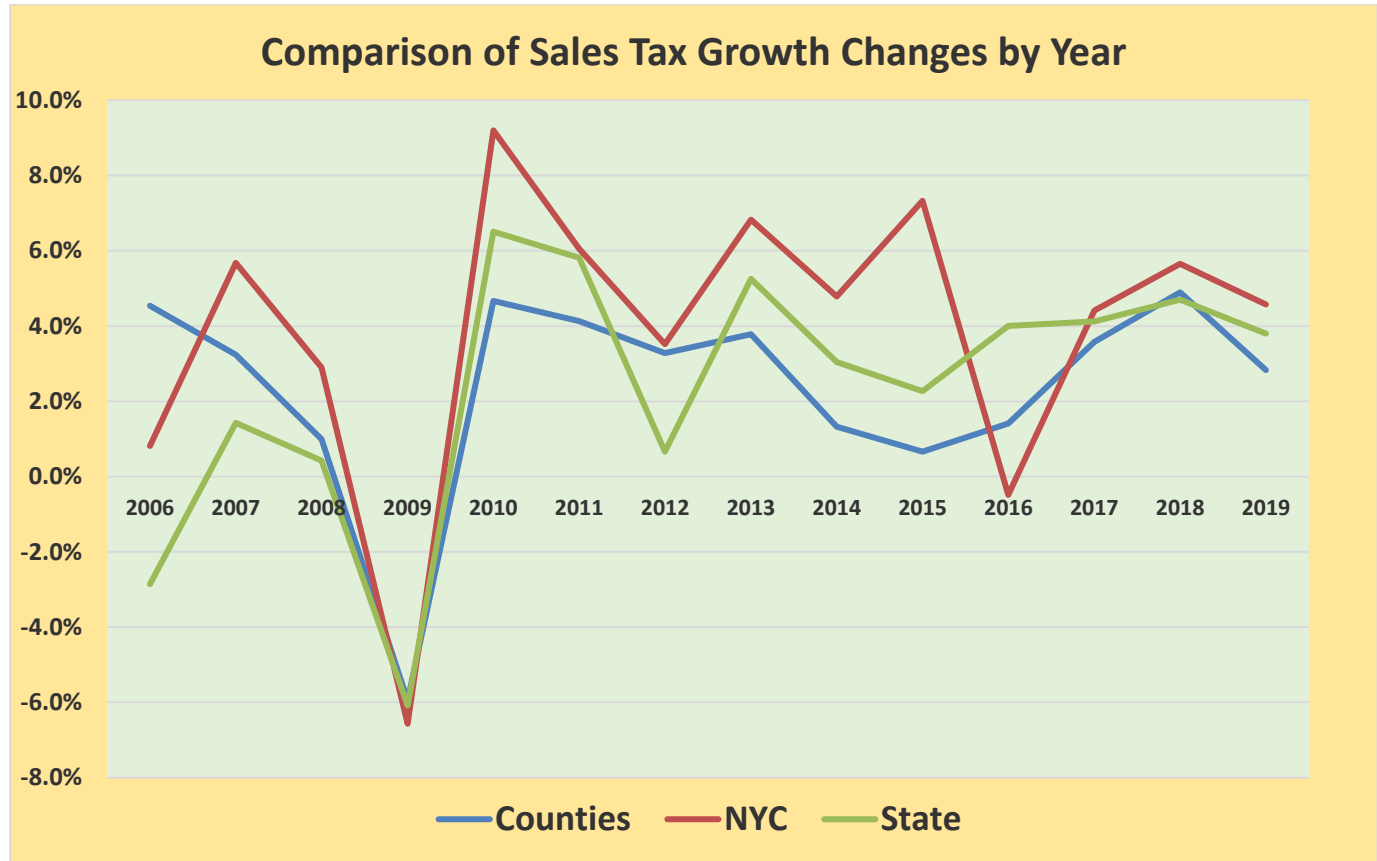
Exhibit 3



*2019 is NYSAC Estimate

As mentioned, sales tax collections can also be quite volatile. This can be influenced by economic conditions, sales tax rates, consumer confidence, wage growth, inflation, monetary and fiscal policy, among a host of other variables. *Exhibit 4* charts the change in annual sales tax growth rates in recent years, including how sales tax rate changes impact collections. The stronger growth in New York City (3.9 percent) provides an average annual growth rate over the period that is considerably higher than the average annual rate change for counties (2.4 percent).

Exhibit 4

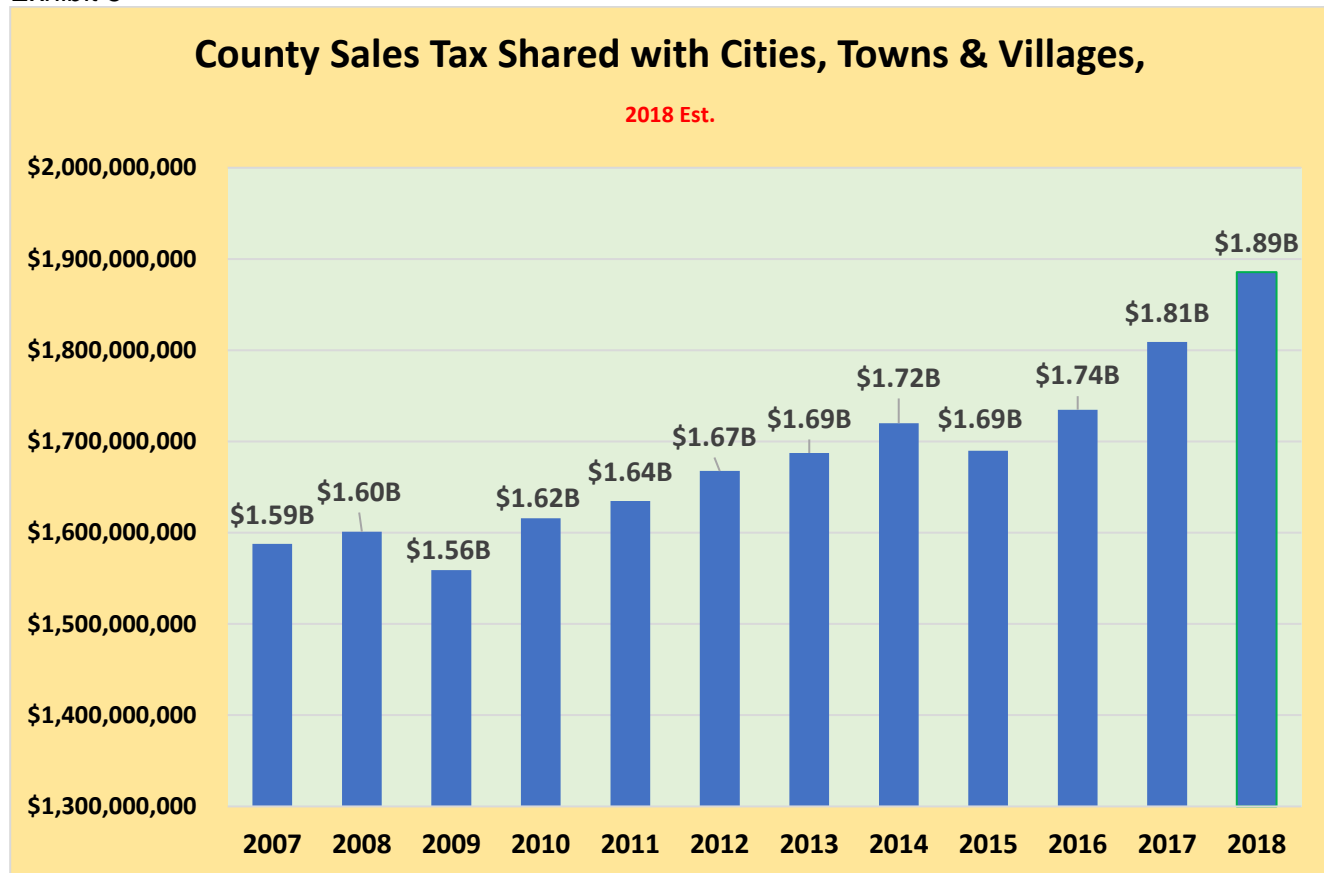


Average Annual Growth Rate in Sales Tax, 2006-2019	
New York City	3.91 percent
New York State	2.36 percent
Counties	2.38 percent

Sales Tax Sharing

Counties continue to share a sizable percentage of their local sales tax with cities, towns and villages. In 2018, NYSAC estimates that counties shared nearly \$1.9 billion, or 23 percent of the statewide total. Not all counties are required to share these revenues, but for those that do, the percent shared varies from 5 percent to 69 percent, with the average hovering just over 30 percent. Shared sales tax is generally distributed using assessed value, population or some combination thereof. In some circumstances a set dollar amount, or set percent is shared with municipalities. See *Exhibit 5* for an annual breakdown of total sales tax shared with municipalities.

Exhibit 5

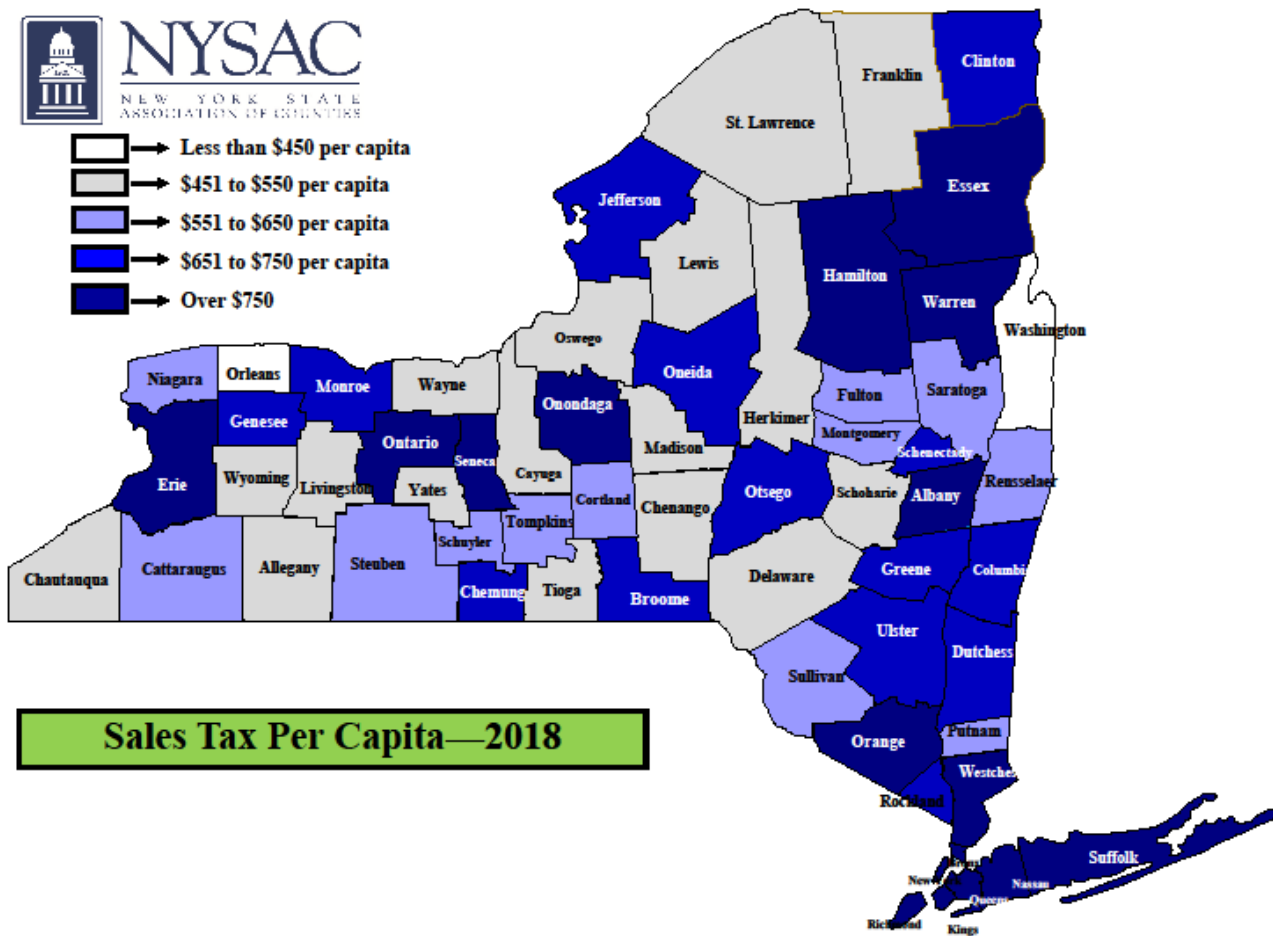


Sales Tax Per Capita by County

As expected, sales tax collections are not distributed evenly across the state. Outside of general economic conditions, key factors that can impact per capita collections in any given county include population, income levels, sales tax base, local tax rates, tourism and retail mix.

Exhibit 6 maps the per capita sales tax collections by county and includes all sales tax collections including city preemption, and for New York City, the MTA. The per capita calculation uses 2017 U.S. Census Bureau population estimates for New York counties, along with 2017 sales tax receipts as presented in the AS570 Report from the NYS Department of Taxation and Finance. The darker the color, the higher the per capita sales tax collections.

Exhibit 6



In 2018, the average local sales tax per capita statewide (all counties and New York City combined) was \$894. This overall average is greatly influenced by New York City. If New York City is removed from the calculation, the average per capita for the 57 counties is \$760. Suffolk County has the highest local sales tax per capita at \$984 – which is reflective of their high population, a higher local tax rate of 4.25 percent, pockets of extremely high wealth, a large array of retail opportunities, and significant tourism compared to many other parts of the state. The same can be said for Nassau County and New York City that share many of these traits resulting in per capita sales tax collections of \$886 for Nassau and \$933 for New York City. The Adirondack Park counties of Essex, Hamilton and Warren have higher than average per capita sales tax as well, due to their strong tourism draw – with Essex County’s number one source of taxable sales being *Traveler Accommodation* (i.e., hotel and other lodging).

Exhibit 7 lists in alphabetical order the per capita sales tax data by county. As the chart shows, the broad diversity of New York’s counties generates a range from \$332 to \$984 in local sales tax per capita.

Exhibit 7

Per Capita Local Sales Tax - 2018

COUNTIES	2018 Gross Sales Tax	Population	Per Capita Sales Tax	COUNTIES	2018 Gross Sales Tax	Population	Per Capita Sales Tax
Albany	\$275,109,796	307,117	\$896	Onondaga	\$363,657,366	461,809	\$787
Allegany	\$21,442,830	46,430	\$462	Ontario	\$85,781,565	109,864	\$781
Broome	\$135,218,298	191,659	\$706	Orange	\$291,038,021	381,951	\$762
Cattaraugus	\$43,726,003	76,840	\$569	Orleans	\$16,748,806	40,612	\$412
Cayuga	\$36,874,236	77,145	\$478	Oswego	\$62,065,973	117,898	\$526
Chautauqua	\$67,543,461	127,939	\$528	Otsego	\$39,001,024	59,749	\$653
Chemung	\$61,064,126	84,254	\$725	Putnam	\$63,145,092	98,892	\$639
Chenango	\$25,859,765	47,536	\$544	Rensselaer	\$88,428,881	159,442	\$555
Clinton	\$56,909,095	80,695	\$705	Rockland	\$218,516,610	325,695	\$671
Columbia	\$43,098,930	59,916	\$719	St. Lawrence	\$59,035,722	108,047	\$546
Cortland	\$29,814,166	47,823	\$623	Saratoga	\$138,062,754	230,163	\$600
Delaware	\$22,729,715	44,527	\$510	Schenectady	\$101,627,810	155,350	\$654
Dutchess	\$197,426,483	293,718	\$672	Schoharie	\$16,063,201	31,097	\$517
Erie	\$797,191,558	919,719	\$867	Schuyler	\$11,445,898	17,912	\$639
Essex	\$31,811,712	37,300	\$853	Seneca	\$25,984,725	34,300	\$758
Franklin	\$23,792,142	50,293	\$473	Steuben	\$58,611,391	95,796	\$612
Fulton	\$30,754,897	53,591	\$574	Suffolk	\$1,457,518,262	1,481,093	\$984
Genesee	\$42,163,430	57,511	\$733	Sullivan	\$46,428,015	75,498	\$615
Greene	\$32,729,482	47,491	\$689	Tioga	\$24,240,238	48,560	\$499
Hamilton	\$4,181,388	4,434	\$943	Tompkins	\$66,116,805	102,793	\$643
Herkimer	\$32,497,455	61,833	\$526	Ulster	\$120,049,605	178,599	\$672
Jefferson	\$78,658,684	111,755	\$704	Warren	\$58,301,516	64,265	\$907
Lewis	\$12,489,548	26,447	\$472	Washington	\$20,291,922	61,197	\$332
Livingston	\$34,788,736	63,227	\$550	Wayne	\$45,884,370	90,064	\$509
Madison	\$33,575,170	70,795	\$474	Westchester	\$747,250,409	967,612	\$772
Monroe	\$503,950,686	742,474	\$679	Wyoming	\$18,592,593	40,085	\$464
Montgomery	\$30,811,840	49,455	\$623	Yates	\$12,731,996	24,841	\$513
Nassau	\$1,203,576,321	1,358,343	\$886	Total Counties	\$8,465,193,631	11,143,461	\$760
Niagara	\$136,198,353	210,433	\$647	New York City	\$7,838,561,375	8,398,748	\$933
Oneida	\$162,584,751	229,577	\$708	GRAND TOTAL *	\$17,468,246,597	19,542,209	\$894

*Includes direct sales tax for cities that preempt, school districts, NYC MTA, etc.

Identifying the Source of Sales Tax in Counties

The federal government and New York State use broad industrial classifications to record and capture the sales activity of thousands of businesses across nearly every sector of the economy. The current classification system is known as the North American Industry Classification System (NAICS) and was built upon the prior system, the Standard Industrial Classification (SIC). There are occasional adjustments, clarifications, or even new industries introduced to the system that require certain transactions, or organizations, be moved to more appropriate categories – this can hamper comparisons across time. Regardless, the system provides a useful tool for counties and others to measure economic activity. In recent years the NYS Department of Taxation and Finance began posting taxable sales data by NAICS code online. The data can be sorted using a wide variety of data points and can be downloaded at:

https://www.tax.ny.gov/research/stats/stat_excise/taxable_sales_and_purchases/taxable_sales_and_purchases_open_data.htm

The taxable sales data posted by the tax department is also adjusted to recognize state and local sales tax exemptions. While the State mandates that many items be exempt from sales tax (85 categories impacting hundreds of items), they also allow counties and New York City to opt out of some of these exemptions. *Exhibit 8* provides a summary of these local exemptions.

Exhibit 8

County Implementation of Local Sales Tax Exemptions									
	Local Sales Tax Rate	Clothing & Footwear (≤\$110) Rate	Solar Commercial Rate	Solar Residential Rate	Solar - Res. Power Purchase Agreements Rate	Solar - Comm. Power Purchase Agreements Rate	Motor Fuel Rate	Commercial Fuel Cell Systems Rate	Residential Energy gas, electricity, coal, wood fuel oil, propane & steam Rate
Albany	4.00%	4.00%	4.00%	0.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Allegany	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Broome	4.00%	4.00%	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	0.00%
Cattaraugus	4.00%	4.00%	4.00%	4.00%	3.00%	4.00%	4.00%	4.00%	3.00%
Cayuga	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Chautauqua	4.00%	0.00%	4.00%	4.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Chemung	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Chenango	4.00%	0.00%	4.00%	4.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Clinton	4.00%	4.00%	4.00%	0.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Columbia	4.00%	0.00%	4.00%	0.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Cortland	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Delaware	4.00%	0.00%	4.00%	4.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Dutchess	3.75%	3.75%	0.00%	0.00%	0.00%	0.00%	3.75%	3.75%	0.00%
Erie	4.75%	4.75%	0.00%	0.00%	0.00%	0.00%	4.75%	4.75%	4.75%
Essex	4.00%	4.00%	4.00%	0.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Franklin	4.00%	4.00%	4.00%	4.00%	2.00%	4.00%	4.00%	4.00%	2.00%
Fulton	4.00%	4.00%	4.00%	4.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Genesee	4.00%	4.00%	4.00%	4.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Greene	4.00%	0.00%	4.00%	0.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Hamilton	4.00%	0.00%	4.00%	0.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Herkimer	4.25%	4.25%	4.25%	4.25%	0.00%	4.25%	4.25%	4.25%	0.00%
Jefferson	4.00%	4.00%	4.00%	4.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Lewis	4.00%	4.00%	4.00%	4.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Livingston	4.00%	4.00%	4.00%	4.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Madison	4.00%	4.00%	4.00%	4.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Monroe	4.00%	4.00%	4.00%	4.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Montgomery	4.00%	4.00%	4.00%	0.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Nassau	4.25%	4.25%	4.25%	0.00%	0.00%	4.25%	4.25%	4.25%	0.00%
Niagara	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Oneida	4.75%	4.75%	4.75%	0.00%	0.00%	4.75%	4.75%	4.75%	0.00%
Onondaga	4.00%	4.00%	4.00%	4.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Ontario	3.50%	3.50%	3.50%	3.50%	0.00%	3.50%	3.50%	3.50%	0.00%
Orange	3.75%	3.75%	3.75%	0.00%	0.00%	3.75%	3.75%	3.75%	0.00%
Orleans	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Oswego	4.00%	4.00%	4.00%	4.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Otsego	4.00%	4.00%	4.00%	4.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Putnam	4.00%	4.00%	4.00%	4.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Rensselaer	4.00%	4.00%	4.00%	0.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Rockland	4.00%	4.00%	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	4.00%
Saratoga	3.00%	3.00%	3.00%	3.00%	0.00%	3.00%	3.00%	3.00%	0.00%
Schenectady	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Schoharie	4.00%	4.00%	4.00%	4.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Schuyler	4.00%	4.00%	4.00%	0.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Seneca	4.00%	4.00%	4.00%	4.00%	0.00%	4.00%	8 cents per gallon ¹	4.00%	0.00%
St. Lawrence	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Steuben	4.00%	4.00%	4.00%	4.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Suffolk	4.25%	4.25%	0.00%	0.00%	0.00%	0.00%	4.25%	4.25%	2.50%
Sullivan	4.00%	4.00%	4.00%	4.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Tioga	4.00%	0.00%	4.00%	4.00%	3.00%	4.00%	4.00%	4.00%	3.00%
Tompkins	4.00%	4.00%	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	4.00%
Ulster	4.00%	4.00%	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	0.00%
Warren	3.00%	3.00%	3.00%	0.00%	0.00%	3.00%	3.00%	3.00%	0.00%
Washington	3.00%	3.00%	3.00%	3.00%	0.00%	3.00%	3.00%	3.00%	0.00%
Wayne	4.00%	0.00%	4.00%	4.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Westchester	4.00%	4.00%	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	4.00%
Wyoming	4.00%	4.00%	4.00%	4.00%	0.00%	4.00%	4.00%	4.00%	0.00%
Yates	4.00%	4.00%	4.00%	0.00%	0.00%	4.00%	4.00%	4.00%	0.00%
NYC	4.50%	0.00%	4.50%	0.00%	0.00%	4.50%	4.50%	4.50%	4.50%
Exemptions		9	8	23	47	8		0	41
NYS	4.00%	0.00%	0.00%	0.00%	0.00%	0.00%	8 cents per gallon	0.00%	0.00%

While vendors self-identify the NAICS category their business should be in, the NYS Department of Taxation and Finance closely monitors this to ensure accuracy and consistency. As mentioned, the database is occasionally modified to align certain businesses and transactions into more appropriate categories. For the 2018-19 sales tax year such a change was enacted involving a category called “Administration of Economic Programs.” The change resulted from the state moving sales tax transactions (related to private sales of cars and other motorized vehicles) that occur at local department of motor vehicles into this category. Prior to this change these transactions were not assigned to one specific area. While the change did not alter the total sales of taxable goods it did make the economic programs category more prominent with most counties seeing it entering this year as a top 20 sales tax contributor.

Exhibit 9 provides an example of what the “Top 20” taxable sales categories look like for the State of New York in the 2018-19 tax year (March to February). The state’s top categories differ slightly from what a typical counties’ data may look like because the state employs different sales tax exemptions and methodologies (i.e., flat amount per gallon of motor fuel vs percent of retail cost per gallon for all but one county), and they collect taxes in all corners of the state including New York City which has a different business/retail mix than the rest of the state. Note the “Administration of Economic Programs” category entering at 14 for the state. The Top 20 for each county can be found on NYSAC’s website at: www.nysac.org/countytop20sales2019/

Exhibit 9

New York State - Total Taxable Sales by Category, 2018-19				
March 2018 to February 2019				
Rank	Description	Taxable Sales	% of Total Taxables Sales	Cumulative % of TTS
1	Restaurants and Other Eating Places	\$39,847,378,152	11.4%	11.4%
2	Automobile Dealers	\$30,573,518,238	8.7%	20.1%
3	Building Material and Supplies Dealers	\$14,308,759,370	4.1%	24.2%
4	Gen. Merch. Stores, incl. Warehouse Clubs and Supercenters	\$12,968,850,660	3.7%	27.9%
5	Traveler Accommodation	\$12,660,810,765	3.6%	31.5%
6	Gasoline Stations	\$12,098,815,853	3.5%	34.9%
7	Grocery Stores	\$9,872,296,710	2.8%	37.8%
8	Clothing Stores	\$9,059,107,470	2.6%	40.3%
9	Wired and Wireless Telecommunications Carriers	\$8,706,537,286	2.5%	42.8%
10	Electronic Shopping and Mail-Order Houses	\$8,653,909,099	2.5%	45.3%
11	Electric Power Generation, Transmission and Distribution	\$7,971,279,547	2.3%	47.6%
12	Other Miscellaneous Store Retailers	\$7,272,890,105	2.1%	49.7%
13	Automotive Repair and Maintenance	\$6,002,609,588	1.7%	51.4%
14	Administration of Economic Programs	\$5,642,250,194	1.6%	53.0%
15	Health and Personal Care Stores	\$5,623,067,928	1.6%	54.6%
16	Electronics and Appliance Stores	\$5,274,693,375	1.5%	56.1%
17	Services to Buildings and Dwellings	\$5,246,029,190	1.5%	57.6%
18	Computer Systems Design and Related Services	\$5,008,763,081	1.4%	59.0%
19	Other Professional, Scientific, and Technical Services	\$4,413,918,273	1.3%	60.3%
20	Beer, Wine, and Liquor Stores	\$4,367,503,964	1.2%	61.5%
Subtotal Top 20		\$215,572,988,848	61.5%	
Grand Total - All Taxables Sales, 2018-19		\$350,409,553,159	100.0%	

For most counties the top sales tax generators by industry classifications are similar, including automobile dealers, gasoline stations, restaurants and other eating establishments, building material and supplies stores, and clothing and big box stores (warehouse clubs). While many of the

NAICS categories listed appear self-explanatory there are many layers to the types of businesses that fall into each category. **Appendix A** provides a description of many of the top NAICS categories listed above for your review.

As mentioned, the sheer volume of transactions from New York City skews the statewide data. Additionally, New York City has a broader sales tax base than the rest of the counties due to the City maintaining a sales tax on more services (mainly health & beauty and credit rating services). *Exhibit 10* shows New York City's Top 20 – several of these categories do not show up in most counties' top 20 (computer and software, as well as professional services).

An important trend for New York City has been the increase in taxable sales in the technology sector from 2014 to 2019. In 2014, only “Computer Systems Design and Related Services” made the Top 20. By 2019, “Computer and Peripheral Equipment”, “Other Information Services” and “Software Publishers” broke into the Top 20, as well.

Exhibit 10

New York City - Total Taxable Sales by Category, 2018-19				
March 2018 to February 2019				
Rank	Description	Taxable Sales	% of Total Taxables Sales	Cumulative % of TTS
1	Restaurants and Other Eating Places	\$21,958,428,895	12.8%	12.8%
2	Electric Power Generation, Transmission and Distribution	\$9,928,410,453	5.8%	18.6%
3	Traveler Accommodation	\$9,448,761,618	5.5%	24.1%
4	Automobile Dealers	\$5,858,711,485	3.4%	27.5%
5	Clothing Stores	\$5,681,802,454	3.3%	30.8%
6	Electronic Shopping and Mail-Order Houses	\$4,075,494,721	2.4%	33.1%
7	Wired and Wireless Telecommunications Carriers	\$3,648,871,577	2.1%	35.3%
8	Building Material and Supplies Dealers	\$3,639,920,002	2.1%	37.4%
9	Other Professional, Scientific, and Technical Services	\$3,584,992,258	2.1%	39.5%
10	Other Miscellaneous Store Retailers	\$3,472,988,495	2.0%	41.5%
11	Computer Systems Design and Related Services	\$3,207,890,677	1.9%	43.4%
12	Health and Personal Care Stores	\$3,161,436,062	1.8%	45.2%
13	Grocery Stores	\$3,034,177,815	1.8%	47.0%
14	Gen. Merch. Stores, incl. Warehouse Clubs & Supercenters	\$2,864,858,363	1.7%	48.6%
15	Other Transit and Ground Passenger Transportation	\$2,700,916,836	1.6%	50.2%
16	Computer and Peripheral Equipment Manufacturing	\$2,589,706,541	1.5%	51.7%
17	Building Equipment Contractors	\$2,506,828,373	1.5%	53.2%
18	Other Information Services	\$2,506,022,344	1.5%	54.6%
19	Software Publishers	\$2,489,045,221	1.4%	56.1%
20	Electronics and Appliance Stores	\$2,487,957,390	1.4%	57.5%
	Subtotal Top 20	\$98,847,221,580	57.5%	
	Grand Total - All Taxables Sales, 2018-19	\$171,813,679,104	100.0%	

Exhibit 11

Top Five Taxable Sales Categories 2014-19	
<u>57 Counties</u>	<u>New York City</u>
1. Auto Dealers	1. Restaurants & Eating Places
2. Restaurants & Other Eating Places	2. Elect. Power Gen., Trans., Distribution
3. Gasoline Stations	3. Travel Accommodation
4. Gen. Merch. Stores & Warehouse Clubs	4. Auto Dealers
5. Building Materials & Supplies Dealers	5. Clothing Stores

Exhibit 11 compares the Top 5 for New York City to the other 57 counties. The availability of mass transit, and the density of New York City, as opposed to the suburban and rural make-up of much of the rest of the state, forces a higher priority on automobiles and related categories in the counties outside of New York City. While auto dealers show up in both Top 5 lists, in New York City, only 3.4 percent of total taxable sales was derived from auto dealers in 2019. For the rest of the state, most counties rely on auto dealers to consistently generate between 12 percent to 18 percent of total taxable sales in any given year.

There are a lot of ways to look at taxable sales data, but a good portion of taxable sales for a typical county falls into one of several buckets, including:

- **Auto Related** – Automobile Dealers; Auto Repair & Maintenance; Gasoline Stations; Petroleum Products
- **Utilities** – Electric Power Generation & Distribution; Wired and Wireless Telecommunications; Natural Gas Distribution
- **Food & Drink** – Restaurants & Other Eating Places; Grocery Stores; Beer, Wine & Liquor Stores
- **General Retail** – General Merchandise & Warehouse Stores (big box retailers); Building Materials and Supplies; Electronics and Appliances
- **Personal Retail** – Clothing Stores; Department Stores; Health & Beauty; Sporting Goods; Hobbies, Toys, Musical Instruments, etc.

Exhibit 12 provides a view of different sized counties and regions of the state on how these “buckets” impacted their sales tax collections in 2018. The bigger and more diverse the entity, the less reliant they become on one category. These five buckets produce just over 40 percent of total taxable sales in New York City, but as much as three-quarters of total taxable sales in a smaller more rural county.

Exhibit 12

Percent of Taxable Sales – Big Bucket Categories Comparison					
“Bucket”	NYS	NYC	Genesee	Onondaga	Allegany
<i>Auto</i>	14.6%	5.0%	31.7%	23.4%	33.7%
<i>Utilities</i>	5.2%	8.6%	4.1%	4.6%	14.3%
<i>Food & Drink</i>	15.7%	14.7%	13.5%	12.4%	12.6%
<i>Gen. Retail</i>	9.6%	7.5%	16.1%	14.3%	7.5%
<i>Pers. Retail</i>	4.4%	5.4%	6.8%	7.9%	5.6%
Subtotal	53.9%	41.2%	72.2%	62.6%	73.7%

The size and economic diversity of a county makes a big difference in where their total taxable sales are generated. More importantly, just a handful of key areas can generate nearly half of all taxable sales in a given county. Understanding these industry sectors, their expected health in the coming year, regional economic conditions, consumer sentiment, wage growth, among other variables helps county officials project future sales tax revenues. For the 2017-18 sales tax year:

- Across all counties (including NYC), on average;
 - 44% of all local taxable sales came from their top 5 categories
 - 60% came from their top 10 categories
 - 73% came from their top 20 categories
- For New York City;
 - 32% from their top 5
 - 43% from their top 10
 - 59% from their top 20
- For a smaller county (typically);
 - 54% from their top 5
 - 69% from their top 10
 - 82% from their top 20

Top Sources of Taxable Sales in the Counties Outside New York City

The top five sources of taxable sales as previously identified in *Exhibit 11* are virtually the same in each region of the state (and generally for each county), but their order may change from region to region. The only exception is the Mid-Hudson Region (Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster and Westchester) where “Clothing Stores” breaks into the Top 5. One of the most visible trends in many counties is the impact of gasoline prices. When gasoline prices hovered near four dollars a gallon during 2011, 2012 and 2013, taxable sales from gasoline stations became the

top source of sales tax in most upstate counties or finished a close second. As prices have fallen, so has the ranking for gasoline stations. Categories (like gasoline stations) that are heavily impacted by changes in commodity prices tend to be more volatile and will move up and down a county's list accordingly. Grocery stores, electric power generation and natural gas distribution fall into this group as well.

Another major trend is related to changes in consumer behavior that are often directly link to the emergence of new technologies and retail platforms. Over the last decade, retail transactions over the internet have grown dramatically, impacting local retailers and county sales tax receipts. While we will devote more time to internet retail later in this report, *Exhibit 13* provides a breakdown of how the Top 10 taxable sales categories have evolved from 2014 to 2019 with "Electronic Shopping & Mail Order" moving into the Top 10 for the Rest of State counties.

Exhibit 13

Change in Taxable Sales from 2014 to 2019		
57 Counties Outside of New York City		
2014		
2014 Rank	Description	Amount
1	Auto Dealers	\$20,078,860,284
2	Gasoline Stations	\$15,608,312,020
3	Restuarants and Other Eating Places	\$14,143,509,026
4	General Merch. Stores and Warehouse Clubs	\$9,882,562,130
5	Building Material and Supplies Dealers	\$8,692,152,783
6	Clothing	\$7,758,526,104
7	Grocery Stores	\$6,895,226,787
8	Electric Power Generation, Trans. & Distribution	\$6,623,015,992
9	Wired & Wireless Telecommunications (except Satellite)	\$6,049,071,047
10	Department Stores (<i>drops out of Top 10 by 2019</i>)	\$4,918,148,604
	Subtotal Top 10 Taxables Sales (<i>54.6% of total sales</i>)	\$100,649,384,777
	Total Taxables Sales for 2014	\$184,491,414,609
2019		
2019 Rank	Description	Amount
1	Auto Dealers	\$24,685,924,603
2	Restuarants and Other Eating Places (<i>#3 in 2014</i>)	\$17,851,491,919
3	Gasoline Stations (<i>#2 in 2014</i>)	\$12,547,817,243
4	General Merch. Stores and Warehouse Clubs	\$11,691,840,127
5	Building Material and Supplies Dealers	\$10,682,714,301
6	Clothing	\$8,157,604,907
7	Electric Power Generation, Trans. & Distribution (<i>#8 in 2014</i>)	\$7,278,791,806
8	Grocery Stores (<i>#7 in 2014</i>)	\$7,042,903,994
9	Electronic Shopping and Mail-Order Houses (<i>#14 in 2014</i>)	\$5,126,309,566
10	Wired & Wireless Telecommunications (except Satellite)	\$5,050,937,109
	Subtotal Top 10 Taxables Sales (<i>52.6% of total sales</i>)	\$110,116,335,575
	Total Taxables Sales for 2019	\$209,449,148,432

Another important item to note is that, while the top categories of taxable sales remained consistent over the last six years, the contribution to the sales tax base from each category swung dramatically for some of them, even though they remained in or near the Top 10. *Exhibit 14* highlights how each of the top categories contributed to total taxable sales growth and how much they grew or shrunk over the last 6 years.

Changes in motor fuel prices, linked to commodity price fluctuations, dramatically changed the contribution from Gasoline Stations. Similar results occurred in the Wired & Wireless Telecommunications category due to intense pricing competition and marketing changes among the major telecom carriers. Overall, five of the Top 10 categories underperformed the average change in total sales of 13.5 percent. Internet-based retail (Electronic Shopping) grew significantly in the period, rising by over 73 percent and breaking into the Top 10. While internet-based retail expanded quickly it still only accounted for 2.4 percent of the total sales tax base for the 57 counties outside of New York City in the 2019 sales tax year.

Exhibit 14

Summary of Changes to the Tax Base for Top Categories, 2014 to 2019 57 Counties Outside of New York City				
2019 Rank	Description	\$ Change for Category 2014 to 2019	% Change for Category 2014 to 2019	Share of Net Increase in TTS
1	Auto Dealers	\$4,607,064,319	22.9%	18.5%
2	Restuarants and Other Eating Places	\$3,707,982,893	26.2%	14.9%
3	Gasoline Stations	(\$3,060,494,777)	-19.6%	-12.3%
4	General Merch. Stores and Warehouse Clubs	\$1,809,277,997	18.3%	7.2%
5	Building Material and Supplies Dealers	\$1,990,561,518	22.9%	8.0%
6	Clothing	\$399,078,803	5.1%	1.6%
7	Electric Power Generation, Trans. & Distribution	\$655,775,814	9.9%	2.6%
8	Grocery Stores	\$147,677,207	2.1%	0.6%
9	Electronic Shopping and Mail-Order Houses	\$2,167,650,346	73.3%	8.7%
10	Wired & Wireless Telecommunications (ex. Satellite)	(\$998,133,938)	-16.5%	-4.0%
	Subtotal Top 10 Taxables Sales	\$9,466,950,798	9.4%	37.9%
	Total Taxables Sales (TTS) for 2019	\$24,957,733,823	13.5%	100.0%

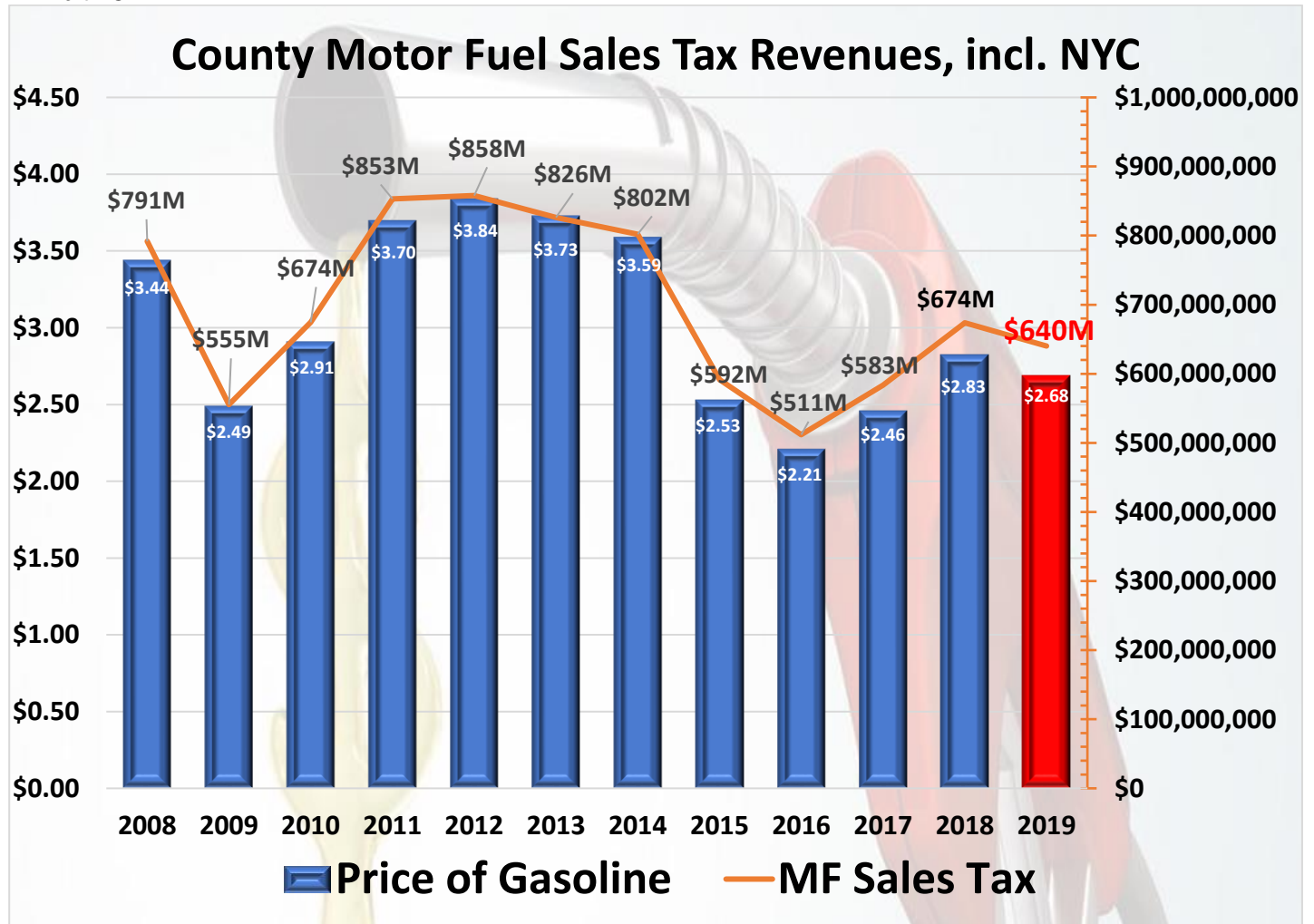
Underperformed the average

Sales Tax Trends

Commodity Prices

This report has briefly mentioned the impact that changes in the prices of certain commodities can have on taxable sales with the most visible category being motor fuels. All New York counties (except one), and New York City, implement a local sales tax on the *retail price* of gasoline as opposed to the state and one county that imposes a flat 8 cents per gallon tax on gasoline. As gasoline prices rise and fall, so do the taxable sales of gasoline. *Exhibit 15* provides a breakdown of motor fuel sales tax collections over the last decade with the price of gasoline on the left axis and sales tax collections on the right axis.

Exhibit 15



2019 is NYSAC Estimate

However, the higher, or lower, sales tax collections related to gasoline does not translate to a dollar for dollar change in overall sales tax collections for counties. As prices rise, economists assume consumers have less discretionary income to spend on other taxable products, but they cannot fully account for potential substitution effects (consumers may car pool, take mass transit, etc.), or other behaviors related to their personal spending habits. The inverse is also difficult to measure, when

gasoline prices fall consumers do not spend 100 percent of the price savings on other taxable goods (they may save it, reduce debt, spend on taxable or nontaxable goods, etc.).

Other areas of taxable sales that are most heavily impacted by commodity price changes include food (grocery stores and restaurants) and residential energy (electric, natural gas, fuel oils, etc.).

The Internet's Impact on Consumer Behavior

It is difficult to summarize the impact of the internet and the innovation it has fostered. But it seems clear that just about anybody can sell anything, to anybody, anywhere, over the internet.

The St. Louis Federal Reserve Bank estimated that e-commerce sales have nearly tripled since 2008, rising from 3.5 percent to about 10 percent of total retail sales by the end of 2018 (\$520 billion).

For illustrative purposes we will try to look at a sliver of the vast expanse of internet-based retail and see how that has impacted counties and local retailers, at least over the last several years.

Since we are trying to look at trends the chart in *Exhibit 16* may shed some light. The chart highlights the Top 20 categories in statewide cumulative taxable sales over the last six years from 2014 through 2019. Items in green have increased their total share of taxable sales, items in red have seen their share of total taxable sales decrease.

The previous section highlighted how commodities can influence taxable sales rankings and this seems to be evident in the chart in *Exhibit 16* with Gasoline Stations, Electric Power Generation, and Grocery Stores all seeing their respective shares decline in the same direction as their chief commodity inputs moved. In total, 11 of the Top 20 categories have failed to maintain their respective share of total taxable sales over the time-period (categories in the reddish color in the chart represent those that have not maintained their sales tax contribution to the total over the last six years).

Exhibit 16

Change in NYS Top 20 Taxable Sales Categories from 2014 to 2019 <i>Measured by Share of Total Taxable Sales (TTS)</i>			
Cumulative Rank	Category	Share of TTS in 2014	Share of TTS in 2019
1	Restaurants and Other Eating Places	10.35%	11.10%
2	Automobile Dealers	8.68%	8.97%
3	Building Material and Supplies Dealers	4.00%	4.08%
4	Traveler Accommodation	4.00%	3.91%
5	Gasoline Stations	4.13%	3.82%
6	Gen. Merch. Stores, incl. Warehouse Clubs & Supercenters	3.76%	3.78%
7	Grocery Stores	3.21%	2.97%
8	Clothing Stores	2.73%	2.70%
9	Wireless Telecommunications Carriers (except Satellite)	2.82%	2.57%
10	Electric Power Generation, Transmission and Distribution	2.46%	2.27%
11	Other Miscellaneous Store Retailers	2.03%	2.01%
12	Electronic Shopping and Mail-Order Houses	1.82%	2.05%
13	Electronics and Appliance Stores	2.09%	1.76%
14	Health and Personal Care Stores	1.84%	1.74%
15	Automotive Repair and Maintenance	1.69%	1.74%
16	Services to Buildings and Dwellings	1.53%	1.53%
17	Department Stores	1.63%	1.38%
18	Computer Systems Design and Related Services	1.11%	1.33%
19	Beer, Wine, and Liquor Stores	1.28%	1.27%
20	Other Professional, Scientific, and Technical Services	1.24%	1.25%
Subtotal Top 20		62.38%	62.24%

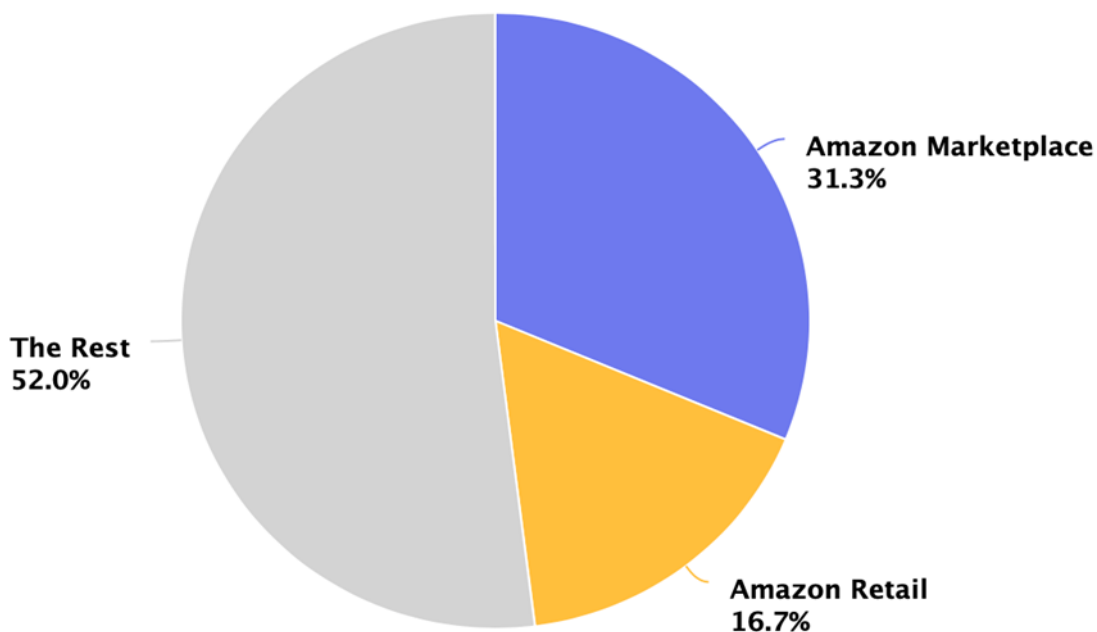
All but two of these categories did grow over the last five years, however, they just did not grow as fast as other sectors. Only *Electronics and Appliance Stores*, and *Department Stores* saw an actual decline in their total taxable sales from 2014 to 2019. However, electronics retailers, department and clothing stores, as well as health and beauty stores have been subject to the most intense competition from internet retailers in recent years.

Amazon and All Other E-commerce Retailers

Today, Amazon indirectly controls nearly one-half of all e-commerce (*Exhibit 17*). In this case, e-commerce means a seller does not maintain a physical store front to sell their products, relying entirely on selling through the Internet. According to eMarketer, Amazon controls just under 17 percent of all Internet retail sales directly by selling products through their own chain of custody. Amazon indirectly controls another 31 percent of all Internet retail through their Amazon Marketplace where third party vendors sell their own products using the Amazon platform. Some of these sellers use Amazon distribution and warehouse services and pay additional fees to Amazon for those extra service, others just use the electronic platform and generally handle delivery and returns themselves.

Exhibit 17, Source: eMarketer

Amazon Marketplace Share of US Online Retail Sales



The dominance of Amazon in e-commerce as demonstrated in the pie chart above cannot be understated. The reference to “The Rest” of the e-commerce retailers can be seen in *Exhibit 18*. The next closest competitor is less than one-seventh the size of Amazon and losing ground according to market data.

Exhibit 18

Top 10 U.S. Based Companies - e-commerce Sales 2018		
	Percent of U.S e-commerce sales*	Sales in Billions¹
Amazon (w/Marketplace)	49.1%	\$258.20
eBay	6.6%	\$34.71
Apple	3.9%	\$20.51
Walmart	3.7%	\$19.46
Home Depot	1.5%	\$7.89
Best Buy	1.3%	\$6.84
QVC Group	1.2%	\$6.31
Macy's	1.2%	\$6.31
Costco	1.2%	\$6.31
Wayfair	1.1%	\$5.78
Subtotal	70.8%	\$372.31
* Source: eMarketer, July 2018 ¹ NYSAC Estimate		

The Internet's Impact on Sales Tax Collections

Until the summer of 2018, most internet retailers were protected by law from having to collect and remit sales tax across state lines on the products they sold. Many studies have been conducted over the years to estimate how much sales tax was not being paid because of these legal protections and the national estimate was in the range of \$7 billion to over \$20 billion.

Even with the legal protections many large internet retailers voluntarily (or under targeted state laws) collected sales tax on their transactions (but generally not for their third-party vendors). A 2017 report from the Government Accountability Office (GAO-18-114), estimated that for the 1000 largest U.S. internet retailers anywhere from 16 percent to 22 percent did not collect sales tax on their sales because they lacked a physical nexus with that state. On top of this, the GAO study estimated that for third-party marketplace vendors between 67 percent and 86 percent did not collect and remit the sales tax legally owed. For New York, GAO estimated that between \$500 million to \$900 million in sales tax was not collected in 2017.

Based on 2017 data, the GAO estimated that between \$520 million and \$890 million in total state and local sales tax went uncollected in New York.

A breakthrough occurred in the summer of 2018 when the U.S. Supreme Court ruled in *Wayfair v South Dakota* that states are authorized to collect sales tax legally owed. The Court provided a blue print for states to use to collect these taxes and as of today nearly every state that has a sales tax has

enacted state laws and administrative changes that requires most vendors selling goods over the internet to collect and remit sales tax to the states' they are selling their products into.

New York implemented administrative changes in January 2019 to put internet retailers on notice about their requirement to collect and remit sales tax on all taxable products they sell into New York. Also, as part of the 2019-20 state budget New York enacted a marketplace provider system that requires marketplace providers like Amazon to collect and remit sales tax for all third-party vendors using their website to sell goods. These statutory marketplace changes went into effect on June 1, 2019.

According to fiscal estimates from the state, the total sales tax that would be collected from these internet administrative and statutory changes would be about \$770 million on a full annual basis in New York. About \$378 million in state taxes and another \$390 million in local taxes (New York City, Counties, MTA, other local governments and cities). The state estimate falls near the middle of the range estimated by GAO when you trend that estimate forward for internet sales growth over the intervening years. Considering that total sales tax collections in New York will be about \$32.4 billion in 2020 – the \$770 million estimate equates to about 2.4 percent of the total sales tax base. If these estimates prove accurate, this would nearly double the amount of sales tax *currently* collected in New York from internet-based retail transactions.

The expanding use of internet “marketplaces” is important to note because of the volume and high growth rate. This makes the recent state sales tax reforms more important because it prevents the loss of future sales (“leakage”), that surely would have occurred without the law change.

Internet Vendors and Local Merchants

As mentioned earlier, certain brick and mortar stores have been under intense competitive pressure from internet-based sellers (Amazon and their third-party vendors). *Exhibit 19* lists the main product categories of third-party vendors on the Amazon Marketplace. In translation, the chart highlights that for all third-party vendors using the Amazon Marketplace, 15 percent list electronics as their main retail product.

Exhibit 19, Source: *Marketplace Pulse*

Amazon 3 rd Party Vendors – Main Product Categories	
Category	Percent of Top Sellers
Electronics	15 percent
Clothing, Shoes, Jewelry	14 percent
Home & Kitchen	12 percent
Health & Household	11 percent
Books	6 percent
Automotive	5 percent
Sports & Outdoors	5 percent
Tools and Home Improvement	5 percent

This intense competition on price and service has made it difficult for many “main street” retailers. The changing status of many downtown shopping districts is evident, as well as the changing footprint of mega-shopping malls and smaller shopping plazas, especially based on the product lines being sold most on the internet. More store fronts are being replaced by restaurants,

entertainment, personal services and other retail establishments that are more insulated from internet competition (at least for now).

Other Business Disrupters

While it is not a top category for taxable sales, another area where the internet and mobile applications has changed the business model is ride-sharing. Local sales tax is collected on taxi trips, but not on Uber/Lyft and other ride-sharing trips. Uber has been in New York City since 2011, but really started to become a major force in 2015. The rest of the state authorized ride-sharing services beginning in June 2017. The vast majority of statewide taxable sales for taxi and limousine services occur in NYC and the surrounding counties.

Exhibits 20 & 21 provide a look at the impact of ride-hailing services on these downstate areas. As evident, the impact has been the most dramatic in New York City with a drop of 47 percent since 2014. For the NYC neighboring counties, the impact was not as great. In the first year after ride hailing the neighboring counties all experienced a decline in taxi & limousine taxable sales. The declines grew significantly when they were fully annualized and compared to the annual average in the years immediately preceding enactment of ride-hailing services.

Exhibit 20

NYC - Taxi and Limousine Service Taxable Sales Change							
	2014	2015	2016	2017	2018	2019	% Change 2014 to 2019
New York City	\$668M	\$659M	\$556M	\$435M	\$383M	\$352M	-47.3%

Exhibit 21

Taxable Sales Change - Taxi and Limo After Ride-Sharing Authorization		
	1st Year (partial) Change After Ride-Sharing	2019 Tax Year Compared to Annual Average of Prior 3 Full Years Before Ride-Sharing
Nassau	-11.3%	-29.3%
Rockland	-14.3%	-15.7%
Westchester	-9.1%	-28.3%

New retail platforms are expected to grow strongly over the foreseeable future and will likely continue to disrupt retail establishments we have come so used to seeing in our communities. *Exhibit 22* provides a glimpse of New York State taxable sales data based on the fastest growing sectors and what they contribute to overall growth in total taxable sales.

Exhibit 22

New York State - Top 10 Sales Tax Category Change, 2014-2019 (Ranked by % Change)					
Rank	Category (Ranked by % Change)	2014 - 2019 Total	2014 Annual Compared to 2019 Annual		
			Percent Change 2014 to 2019	Dollar Change 2014 to 2019	Share of Total Dollar Change
1	Electronic Shopping and Mail-Order Houses	\$38,848,377,194	65.6%	\$3,428,265,509	5.4%
2	Computer Systems Design and Related Services	\$25,253,086,929	57.2%	\$1,823,238,501	2.9%
3	Restaurants and Other Eating Places	\$210,307,781,126	34.1%	\$10,129,759,203	16.0%
4	Other Miscellaneous Store Retailers	\$38,133,295,559	24.8%	\$1,446,175,777	2.3%
5	Building Material and Supplies Dealers	\$77,236,683,003	24.6%	\$2,823,783,820	4.5%
6	Other Professional, Scientific, and Technical Services	\$23,589,893,245	24.2%	\$859,525,542	1.4%
7	Automotive Repair and Maintenance	\$32,949,244,082	23.9%	\$1,158,022,819	1.8%
8	Automobile Dealers	\$169,957,182,220	22.8%	\$5,673,967,182	8.9%
9	Gen. Merch. Stores, incl. Warehouse Clubs & Superce	\$71,508,552,877	20.3%	\$2,186,772,545	3.4%
10	Beer, Wine, and Liquor Stores	\$24,147,553,181	19.3%	\$707,858,749	1.1%
	Subtotal Top 10 Taxable Sales	\$711,931,649,416	37.6%	\$30,237,369,647	47.7%
	Total Taxable Sales	\$1,893,999,871,718	17.6%	\$63,399,867,250	100.0%

The big takeaway from the changing retail sector is that the fastest growing categories, while accounting for about 38 percent of total taxable sales, contributed 48 percent of the net *dollar* change from 2014 to 2019. The importance of each of these categories will grow as consumer purchasing habits change and then normalize, and certain sectors reach some level of equilibrium.

The turnover of businesses is not new and managing that change creates challenges and opportunities for county officials. The country continues its long transition of the economy from a manufacturing base to a more services- and technology-based economy. This report on taxable sales in New York highlights how this transition is shaping the main streets of our communities and why it is important for county officials to understand how these changes will impact county revenues and economic growth opportunities into the future.

APPENDIX A

NAICS – Major New York State Taxable Sales Category Descriptions

Administration of Economic Programs - This industry comprises government establishments primarily engaged in the administration, promotion, and development of economic resources, including business, industry, and tourism. Included in this industry are government establishments responsible for the development of general statistical data and analyses and promotion of the general economic well-being of the governed area. In New York this includes state and local DMV's that process private sales taxable transactions for autos and other motorized vehicles.

Automobile Dealers - This industry comprises establishments primarily engaged in retailing new automobiles and light trucks, such as sport utility vehicles, and passenger and cargo vans, or retailing these new vehicles in combination with activities, such as repair services, retailing used cars, and selling replacement parts and accessories.

Automotive Equipment Rental & Leasing - This industry group comprises establishments primarily engaged in renting or leasing passenger cars and trucks without drivers and utility trailers. These establishments generally operate from a retail-like facility. Some establishments offer only short-term rental, others only longer-term leases, and some provide both types of services.

Automotive Parts, Accessories and Tire Stores - This industry group comprises establishments primarily engaged in retailing new, used, and/or rebuilt automotive parts and accessories, including tires and tubes. Included in this industry group are establishments primarily engaged in retailing automotive parts and accessories in combination with automotive repair services.

Automotive Repair and Maintenance - This industry group comprises establishments involved in providing repair and maintenance services for automotive vehicles, such as passenger cars, trucks, and vans, and all trailers. Establishments in this industry group employ mechanics with specialized technical skills to diagnose and repair the mechanical and electrical systems for automotive vehicles, repair automotive interiors, and paint or repair automotive exteriors.

Beer, Wine and Liquor Stores - This industry comprises establishments primarily engaged in retailing packaged alcoholic beverages, such as ale, beer, wine, and liquor.

Building Equipment Contractors - This industry group comprises establishments primarily engaged in installing or servicing equipment that forms part of a building mechanical system (e.g., electricity, water, heating, and cooling). The work performed may include new work, additions, alterations, maintenance, and repairs. Contractors installing specialized building equipment, such as elevators, escalators, service station equipment, and central vacuum cleaning systems, are also included.

Building Materials and Supplies Dealers - This industry group comprises establishments primarily engaged in retailing new building materials and supplies.

Clothing Stores - This industry group comprises establishments primarily engaged in retailing new clothing.

Computer and Computer Peripheral Equipment and Software Merchant Wholesalers - This industry comprises establishments primarily engaged in the merchant wholesale distribution of computers, computer peripheral equipment, loaded computer boards, and/or computer software.

Computer Systems Design and Related Services - This industry comprises establishments primarily engaged in providing expertise in the field of information technologies through one or more of the following activities: (1) writing, modifying, testing, and supporting software to meet the needs of a particular customer; (2) planning and designing computer systems that integrate computer hardware, software, and communication technologies; (3) on-site management and operation of clients' computer systems and/or data processing facilities; and (4) other professional and technical computer related advice and services.

Computer and Peripheral Equipment Manufacturing - This industry comprises establishments primarily engaged in manufacturing and/or assembling electronic computers, such as mainframes, personal computers, workstations, laptops, and computer servers; and computer peripheral equipment, such as storage devices, printers, monitors, and input/output devices and terminals. Computers can be analog, digital, or hybrid.

Department Stores - This industry comprises establishments known as department stores that have separate departments for general lines of new merchandise, such as apparel, jewelry, home furnishings, and toys, with no one merchandise line predominating. Department stores may sell perishable groceries, such as fresh fruits, vegetables, and dairy products, but such sales are insignificant. Department stores may have separate customer checkout areas in each department, central customer checkout areas, or both.

Direct Selling Establishments - This industry group comprises establishments primarily engaged in non-store retailing (except electronic, mail-order, or vending machine sales). These establishments typically go to the customers' location rather than the customer coming to them (e.g., door-to-door sales, home parties). Examples of establishments in this industry are home delivery newspaper routes; home delivery of heating oil, liquefied petroleum (LP) gas, and other fuels; locker meat provisioners; frozen food and freezer meal plan providers; coffee-break supplies providers; and bottled water or water softener services.

Electric Power Generation, Transmission and Distribution - This industry group comprises establishments primarily engaged in generating, transmitting, and/or distributing electric power. Establishments in this industry group may perform one or more of the following activities: (1) operate generation facilities that produce electric energy; (2) operate transmission systems that

convey the electricity from the generation facility to the distribution system; and (3) operate distribution systems that convey electric power received from the generation facility or the transmission system to the final consumer.

Electronic Shopping and Mail-Order Houses - This industry comprises establishments primarily engaged in retailing all types of merchandise using non-store means, such as catalogs, toll free telephone numbers, or electronic media, such as interactive television or the Internet. Included in this industry are establishments primarily engaged in retailing from catalog showrooms of mail-order houses.

Electronics and Appliance Stores - This industry comprises establishments primarily engaged in one of the following: (1) retailing an array of new household-type appliances and consumer-type electronic products, such as televisions, computers, and cameras; (2) specializing in retailing a single line of new consumer-type electronic products; (3) retailing these new products in combination with repair and support services; (4) retailing new prepackaged computer software; and/or (5) retailing prerecorded audio and video media, such as CDs, DVDs, and tapes.

Furniture Stores - This industry comprises establishments primarily engaged in retailing new furniture, such as household furniture (e.g., baby furniture, box springs, and mattresses) and outdoor furniture; office furniture (*except sold in combination with office supplies and equipment*); and/or furniture sold in combination with major appliances, home electronics, home furnishings, or floor coverings.

Gasoline Stations - Industries in the Gasoline Stations subsector retail automotive fuels (e.g., gasoline, diesel fuel, gasohol, alternative fuels) and automotive oils or retail these products in combination with convenience store items. These establishments have specialized equipment for storing and dispensing automotive fuels.

General Merchandise Stores, including Warehouse Clubs and Supercenters - This industry comprises establishments primarily engaged in retailing new goods in general merchandise stores (*except department stores*). These establishments retail a general line of new merchandise, such as apparel, automotive parts, dry goods, hardware, groceries, housewares, and home furnishings, with no one merchandise line predominating. Establishments known as warehouse clubs, superstores, or supercenters are included in this industry.

Grocery Stores - This industry group comprises establishments primarily engaged in retailing a general line of food products.

Health and Personal Care Stores - Industries in the Health and Personal Care Stores subsector retail health and personal care merchandise from fixed point-of-sale locations. Establishments in this subsector are characterized principally by the products they retail, and some health and

personal care stores may have specialized staff trained in dealing with the products. Staff may include pharmacists, opticians, and other professionals engaged in retailing, advising customers, and/or fitting the product sold to the customer's needs.

Home Furnishing Stores - This industry group comprises establishments primarily engaged in retailing new home furnishings (*except furniture*).

Miscellaneous Store Retailers – this subsector retails merchandise from fixed point-of-sale locations (*except new or used motor vehicles and parts; new furniture and home furnishings; new appliances and electronic products; new building materials and garden equipment and supplies; food and beverages; health and personal care goods; gasoline; new clothing and accessories; and new sporting goods, hobby goods, books, and music*). Establishments in this subsector include stores with unique characteristics, such as florists, used merchandise stores, and pet and pet supply stores.

Natural Gas Distribution - This industry comprises: (1) establishments primarily engaged in operating gas distribution systems (e.g., mains, meters); (2) establishments known as gas marketers that buy gas from the well and sell it to a distribution system; (3) establishments known as gas brokers or agents that arrange the sale of gas over gas distribution systems operated by others; and (4) establishments primarily engaged in transmitting and distributing gas to final consumers.

Other Information Services - Industries in the Other Information Services subsector group establishments supplying information, storing and providing access to information, searching and retrieving information, operating Web sites that use search engines to allow for searching information on the Internet, or publishing and/or broadcasting content exclusively on the Internet. The main components of the subsector are news syndicates, libraries, archives, exclusive Internet publishing and/or broadcasting, and Web search portals.

Other Motor Vehicle Dealers - This industry group comprises establishments primarily engaged in retailing new and used vehicles (*except automobiles, light trucks, such as sport utility vehicles, and passenger and cargo vans*).

Other Professional, Scientific, and Technical Services - This industry group comprises establishments engaged in professional, scientific, and technical services (*except legal services; accounting, tax preparation, bookkeeping, and related services; architectural, engineering, and related services; specialized design services; computer systems design and related services; management, scientific, and technical consulting services; scientific research and development services; and advertising, public relations, and related services*).

Petroleum and Petroleum Products Merchant Wholesalers - This industry group comprises establishments primarily engaged in the merchant wholesale distribution of petroleum and petroleum products, including liquefied petroleum gas.

Restaurants & Other Eating Places – This industry comprises establishments primarily engaged in one of the following: (1) providing food services to patrons who order and are served while seated (i.e., waiter/waitress service) and pay after eating; (2) providing food services to patrons who generally order or select items (e.g., at a counter, in a buffet line) and pay before eating; or (3) preparing and/or serving a specialty snack (e.g., ice cream, frozen yogurt, cookies) and/or nonalcoholic beverages (e.g., coffee, juices, sodas) for consumption on or near the premises.

Services to Buildings and Dwellings - This industry group comprises establishments primarily engaged in one of the following: (1) exterminating and pest control services; (2) janitorial services; (3) landscaping services; (4) carpet and upholstery cleaning services; or (5) other services to buildings and dwellings.

Sporting Goods, Hobby, and Musical Instrument Stores - This industry group comprises establishments primarily engaged in retailing new sporting goods, games and toys, and musical instruments.

Wired and Wireless Telecommunications Carriers - This industry comprises establishments primarily engaged in operating, maintaining, and/or providing access to switching and transmission facilities and infrastructure that they own and/or lease for the transmission of voice, data, text, sound, and video using wired and wireless telecommunications networks. Transmission facilities may be based on a single technology or a combination of technologies. By exception, establishments providing satellite television distribution services using facilities and infrastructure that they operate are included in this industry.