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COUNTY OF ONONDAGA

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Sales Tax Plan Under Review
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To: The Editor

Re: Onondaga County's New Sales Tax Distribution Agreement- The opportunity for every local government to challenge the way we do business.

The new Sales Tax Distribution Agreement and its process contain legal, financial and political ramifications in all aspects. The County Legislature has formed a Sales Tax review committee. My office has issued a report on sales tax detailing the current status of sales tax allocation and reviews prior legislation and financial data. (www.ongov.net/comptroller)

The County Legislature has sole decision-making power in allocating sales tax and the City of Syracuse can either reach an agreement with the County Legislature or by statute receive a fixed statutory percentage of the gross sales tax proceeds (preemption).

Towns are not permitted to institute sales tax. Towns only share a portion of sales tax revenue if by agreement with the County or if the City preempts. School districts only share by agreement and villages receive a share only if the Towns receive a share. The current sharing process can be confusing with its differences in payment structure-credits on real property tax bills or cash, and different allocations of the 1% and 3% taxes.

The current agreement affects only the 3% sales tax. The State Legislature must agree to renew the 1% sales tax every two years. Having to ask Albany for an extension of the 1% sales tax and its related political pressure must be considered in formulating a new 3% agreement.

Onondaga County government shares sales tax in greater amounts than all but one county and is one of only five counties to share with school districts. The City, all the school districts, villages and a few town governments receive their sales tax distribution in the form of cash. The majority of town governments receive their distributions in the form of sales tax credits used to reduce the County real property tax collected.

What impact will a new formula have on the County and other local governments? Town budgets will not be affected if receiving credits to the county real property bill. School districts and villages will experience revenue shortfalls if less is shared. The County could eliminate its projected \$55 million deficit solely by allocating less sales tax but the eventual result would be an increase in real property tax collections.

What is the bottom line to the taxpayer?

The upcoming process is not just about making tough decisions on which government(s) should receive sales tax, it gives us a chance to examine our core values and critically examine the mission of government.

How does the agreement affect the overall cost of government in our community? Does the sales tax policy hide the true costs of local governments, school districts and real property taxes? Is modernization and consolidation talk now forced upon us if only because revenues are shrinking?

As for transparency, will the new agreement place the revenue stream in a light most easily understood by the taxpayer? Will it hold all levels of government accountable for its spending?

No matter your opinion, sales tax revenue can no longer hide inefficient uses of tax dollars.

It is hoped the debate will not be contentious pitting local governments against one another but unless spending is cut at all levels of government or sales tax revenue increases there will be repercussions- to which level of government is yet to be determined. Making one government solvent or propping up one government at the expense of another municipality solves nothing, especially when it is all taxpayer money.

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