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Albany County Sales Tax Revenues Continue Down –

Key Points:

- Sales tax revenues were lower than any first quarter since 2005.
 - First quarter, 2010 receipts were down \$644,296 from the first quarter of 2009 (-1.93 percent).
 - First quarter, 2010 receipts were down 8.43 percent from the first quarter of 2008.
 - First quarter, 2010 total taxable sales in Albany County were down from first quarter, 2009 by nearly \$26.85 million.
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Albany County ended the first quarter of 2010 with sales tax revenues of \$54,596,399. The County retains 60 percent of sales tax revenue and distributes the remaining 40 percent to cities and towns. Thus, for the first quarter the net amount available for County purposes was \$32,757,840.

The First Quarter of 2010

- Compared to the same quarter of the prior year, the first quarter of 2010 did not show the same dramatic decrease as other recent quarters, but receipts were still *down* 1.93 percent. For background, refer to prior quarterly reports shown at <http://www.albanycounty.com/budget/fmr/default.asp>.
- In six of the nine most recent calendar quarters, sales tax revenues declined from the prior quarter. The first quarter of 2010 produced a slight percentage *increase* (0.72 percent – less than one percent) above the fourth quarter of 2009.

Table 1 shows actual quarterly County share of sales tax revenues for 2009 and 2010. It also shows the amount budgeted for 2010, allocated based on the 15 year patterns of each quarter's share of annual sales tax revenue. This does not represent a quarterly forecast, but does provide a useful benchmark against which to assess current revenues.

Table 1: County Share (60%) of Gross Sales Tax Revenues

	2009 Actual	15 Year Average Percentages of Annual Sales Tax Revenue	15 Year Average Percentages of Sales Taxes Applied to 2010 Budget	2010 Actual	Actual Change from 2009	Actual Percent Change from 2009	Difference from Allocation of Budget	Percent Difference from Budget
Q1	\$ 33,402,135	24.60%	\$ 33,743,061	\$ 32,757,840	\$ (644,296)	-1.93%	\$ (985,222)	-2.92%
Q2	\$ 33,133,815	24.50%	\$ 33,593,854					
Q3	\$ 32,280,690	25.21%	\$ 34,574,676					
Q4	\$ 32,524,459	25.69%	\$ 35,228,146					
Ttl *	\$ 131,341,100	100.00%	\$ 137,139,600					

* May not add due to rounding.

The Importance of Sales Tax Revenues to Albany County

Sales tax revenue is particularly important to Albany County, much more so than other counties. Thus, a decline in sales taxes disproportionately affects its financial status. In 2007, Albany's sales tax receipts represented a higher ratio to property taxes than any other county. In 2007, sales taxes produced 43.3 percent of the County's total revenue compared to a statewide average of 32.9 percent. In only two counties did sales taxes represent a higher proportion of total revenue (Erie, 45.7 percent and Suffolk, 45.4 percent). Only Warren County received more sales tax revenue per resident (\$837) than did Albany (\$809) and this contrasted to the statewide average of \$621 per capita.

The Prospects

There are some modest signs of economic improvement. However, unemployment, partial-unemployment, flat or declining incomes, reduced debt based spending, and increased spending on health care services which are not taxable, continue to contribute to reduced consumption, i.e., fewer taxable sales. From 2008 to 2009, the year-to-year *decline* in taxable sales in Albany County was approximately \$465 million or about \$1,550 per resident. Fewer sales prices yield lower sales tax receipts. Compared to the first quarter of 2009, the *decline* in reported taxable sales during the first quarter in 2010 was \$26.85 million.

The first quarter of 2010 showed a *very* modest increase from the fourth quarter of 2010. The decline from the same quarter of the prior year was smaller than the previous quarters. This is *not* an indicator of an economic turnaround. Even in the event of an economic turnaround, we doubt very much that it would be near as fast or as large as the decline.

Thus, the financial challenges facing the County are immediate, significant, and will continue through the balance of 2010 and at least through 2011.

Chart 1: Trend of Quarterly Sales Tax Revenue, Albany County, After Distribution of 40 Percent Municipal Share, 1993-2009

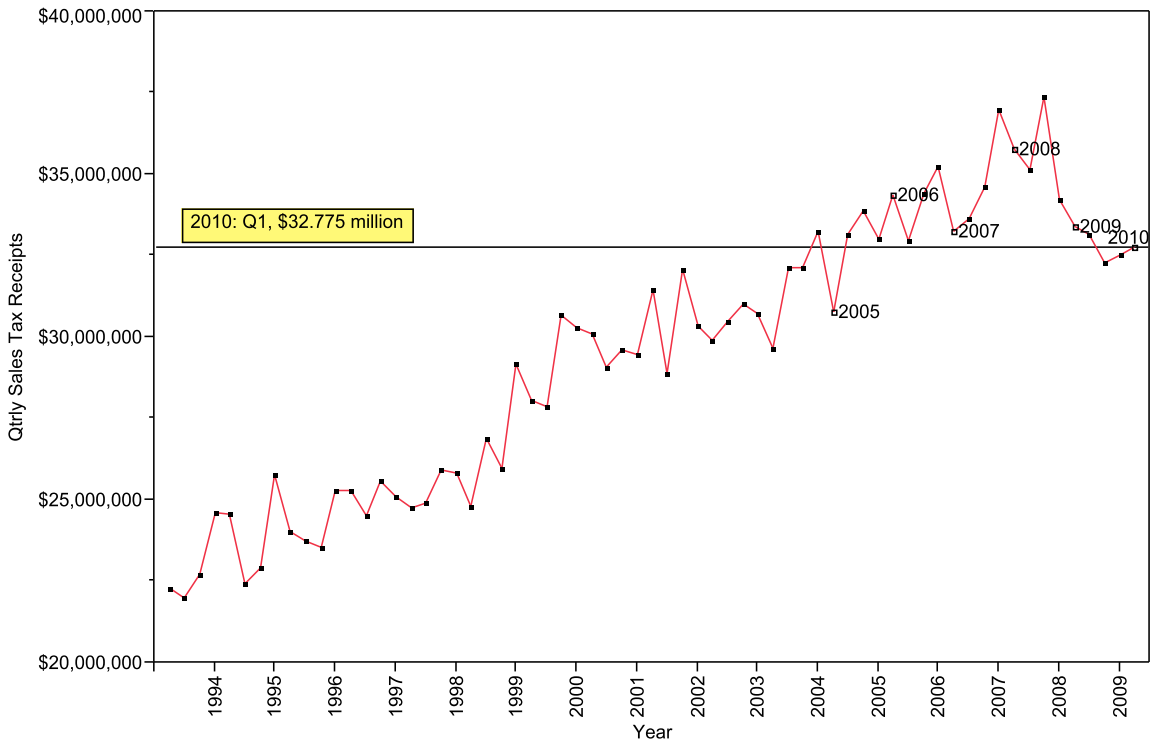
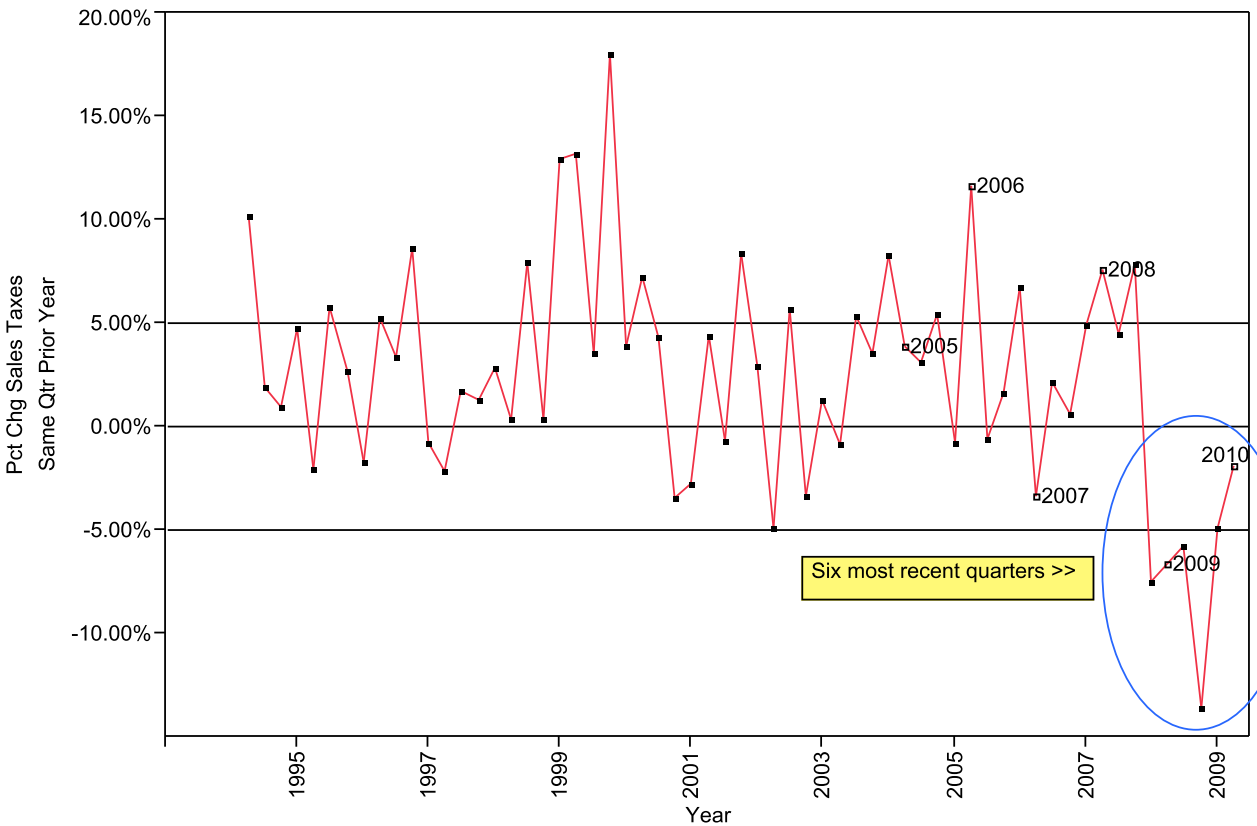


Chart 2: Percent Change Quarterly Sales Tax Revenue Compared to Same Quarter in the Prior Year, Albany County, After Distribution of 40 Percent Municipal Share, 1993-2009



Each Point Represents the Change from the Same Quarter in the Prior Year. Prior to 2009, the fifteen year average was 3.1 percent.