



**NYSAC**  
NEW YORK STATE  
ASSOCIATION OF COUNTIES

## CORONAVIRUS IMPACT PART III

# Coronavirus Economic Impact: A NYS County Update

JULY 2020

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President

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### Counties Working For You



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# Introduction

The COVID-19 pandemic has impacted every aspect of our society, government and the economy, unlike any other event in the past 50 years. In New York State, counties have led the local response to the novel coronavirus by working to keep people safe and foster the reopening of communities by managing quarantine enforcement and support, operating our emergency operation centers and 911 services, standing up and running testing facilities, conducting tracing operations, and providing food assistance to families and seniors.

Counties did all of this in the face of very difficult economic times brought on by a severe decline in sales taxes, hotel occupancy taxes, and other county revenues, cuts in state reimbursement, and the impact of lost jobs and business activity in our communities.

This brief NYSAC report updates our previous economic impact reports that projected the loss in revenues for New York’s counties. While our overall estimated losses largely have not changed, we have more data with which to base our 2020 and 2021 projections, including revenue impacts provided by New York City.

Total lost revenues for counties and New York City over two fiscal years could reach \$13.5 billion (counties, \$4.5 billion – New York City, \$9 billion, not including state reimbursement impacts). A breakdown for the counties is available in Appendix B.

# Sales Tax

- Sales tax is the number one source of county revenue for nearly half of all counties and averages over 20 percent of local revenue.
- States, counties, and local governments need direct and flexible federal coronavirus stimulus funding to address depleted resources, state aid cuts, and reduced sales tax revenues.
- Calendar Year 2020 started strong for counties and New York City. Most counties were exceeding budgeted revenues for sales tax in January (+9.5%) and February (+6.5%).
- Then the pandemic began to take hold in March, first in New York City and surrounding areas and then spreading across the state – the impact on revenues became quickly apparent.
- Over the next 12 months we project sales tax losses could be between \$1 billion to \$1.3 billion for the 57 counties (not including New York City). Including New York City, the sales tax losses alone, over the next 12 months, could reach \$3.2 billion. Over the 2020 and 2021 fiscal years these losses could reach \$4.9 billion in lost sales tax (counties, \$2 billion - New York City, \$2.9 billion).

**Counties and NYC project \$4.9 billion in sales tax losses over their 2020 & 2021 fiscal years.**

<b>Sales Tax Losses from COVID Pandemic to Date - Counties and New York City</b>				
<b>Compared to Same Period Last Year</b>				
	<b>2020</b>	<b>2019</b>	<b>\$ change</b>	<b>% change</b>
<b>Jan-20</b>	\$1,449,296,769	\$1,323,718,052	\$125,578,717	9.5%
<b>Feb-20</b>	\$1,191,704,456	\$1,119,431,935	\$72,272,522	6.5%
<b>Mar-20</b>	\$1,374,312,817	\$1,446,618,690	(\$72,305,874)	-5.0%
<b>Apr-20</b>	\$923,483,949	\$1,236,519,785	(\$313,035,836)	-25.3%
<b>May-20</b>	\$835,272,253	\$1,247,285,349	(\$412,013,096)	-33.0%
<b>Jun-20</b>	\$1,247,129,484	\$1,674,719,898	(\$427,590,414)	-25.5%
<b>Totals</b>	<b>\$7,021,199,728</b>	<b>\$8,048,293,707</b>	<b>(\$1,224,945,219)</b>	<b>&lt;--- Loss Since COVID, compared to prior year period</b>

## Employment

- There are 1.4 million fewer jobs in New York State in June 2020 compared to 2019. The unemployment rate in New York is currently 16 percent for June.
- The State projects the unemployment rate will remain as high as 11 percent through the end of 2021. See Appendix A
- Federal unemployment benefits have helped maintain some level of consumer spending during the social distancing period, but still at severely restricted levels compared to the prior year. Until people can return to work safely, support for these federal UI benefits are critical to consumer spending.



## Counties and New York City are the Boots on the Ground

New York State has provided significant guidance to local governments to respond to the pandemic, but it was counties and New York City that turned those plans into action.

As Governor Cuomo has said numerous times, it is the county that has to enforce these regulations and implement them on the ground. Response and recovery.

These efforts have been successful so far and we are seeing the virus more or less contained and that has enabled us to reopen. But the reopening has to be done carefully and gradually to prevent the nearly out of control spread of the virus in other regions of the country. New York has gone from 40 percent of all confirmed COVID cases in the nation in the early days of the pandemic, to about 10 percent today.

Local public health departments, emergency response programs, public works departments and social services were all engaged in the local response to the global pandemic. (See right)

## County Local Revenue & State Aid Losses

Hotel Occupancy Taxes: **Down nearly -80%**

Gaming Revenues: **Stopped Completely**

State Revenue Cuts: **-20%  
Some Programs  
More than -30%**

State reimbursement cuts will cost counties (outside NYC) more than \$670 million a year

## Other Revenue Losses

- Hotel Occupancy taxes are down nearly 80 percent in most counties since COVID. For the next year we expect these revenue losses to range between \$50 million and \$80 million (not including NYC). New York City is projecting hotel tax losses of \$536 million over their 2020 (\$161 million) and 2021 (\$375 million) fiscal years.
- Gaming Revenues have stopped completely since COVID. For the next year we expect these revenue losses to range between \$57 million to \$86 million. One horse racing facility in the Southern Tier has announced they will need to close permanently. The neighboring full-scale casino may need to close as well if things do not turn around soon.
- State Revenue cuts of 20 percent have commenced. These cuts are being implemented across to board to all local governments and school districts. Some programs are being cut by more than 30 percent and we expect some state reimbursements and aid for certain programs to be eliminated. Also, current year targeted state budget cuts implemented in response to the pandemic will reduce county revenues by another \$75 million per year. Without additional federal aid these cuts will become permanent.
  - For New York counties (outside of New York City) these state reimbursement cuts will be more than \$670 million per year.

# Federal Aid

The financial picture for counties and New York City is extremely dire at this point and we have significant concerns about the nation as a whole having made limited progress against the virus since it hit our shores several months ago.

Some areas have made progress, but others are seeing record setting infections and deaths on a daily basis.

In New York, we are projecting that counties could see revenue losses approaching \$5 billion over two years because of the pandemic, growing to nearly \$14 billion with New York City revenue losses.

The federal government must come through with direct unrestricted assistance to states and counties to allow us to continue to fight COVID, maintain essential services and maintain employment levels in our communities. State and local governments are major employers, and provide nearly 12 percent of all U.S. jobs.

Economists have noted that in the last downturn, during the Great Recession, the federal government’s austerity approach and prematurely ending financial assistance to states and local governments contributed significantly to the slow recovery, both in employment terms and contributions to gross domestic product.

# County Mid-Year Budget Cuts

The COVID-19 pandemic and resulting economic slowdown have devastated county budgets on a scale not seen since the Great Depression. As counties throughout New York State await desperately needed direct aid from the federal government, they have taken the following actions to stabilize their budgets and ensure the maintenance of critical local services.

- Eliminating all unnecessary travel, including commitments for future discretionary travel.
- Instituting a hiring freeze, with exceptions only for essential positions, i.e. nursing home employees, public safety, and public health.
- Making permanent layoffs.
- Implementing voluntary furloughs.
- Implementing separation incentive program (retirement incentive).
- Reducing summer employment.
- Reviewing contracts, contingency measures, mandated and unmandated programs. Some counties have restricted or froze all non-mandated contractual arrangements.
- Closing county parks, boat launches, athletic fields, recreation areas, residential children’s summer camp.
- Curtailing road and bridge repairs to cap CHIPS/PAVE NY spending.
- Reducing planned public facilities projects, highway infrastructure projects, and soil and water conservation initiatives.
- Seeking larger sponsor investment for community colleges to supplement State cuts.
- Eliminating or outsourcing of certain county services (i.e. mental health, substance abuse clinic, nursing homes).



## Appendix A

### Local Area Unemployment Rates\* (%)

**June 2019 and June 2020**

(not seasonally adjusted)

	June 2020*	June 2019
<b>Metro Areas</b>	15.9	3.8
Albany-Schenectady-Troy	10.5	3.5
Binghamton	11.1	4.4
Buffalo-Niagara Falls	13.7	4.1
Dutchess-Putnam	11.4	3.6
Elmira	11.9	4.1
Glens Falls	10.8	3.6
Ithaca	8.9	3.8
Kingston	11.3	3.7
Nassau-Suffolk	12.9	3.4
New York City	20.4	3.9
Orange-Rockland-Westchester	12.5	3.6
Rochester	11.3	3.9
Syracuse	11.9	4.0
Utica-Rome	10.8	4.4
Watertown-Fort Drum	11.2	4.6
<b>Non-metro counties</b>	10.6	4.1
*Data are preliminary and subject to change.		

## Appendix B

<b>Projected County COVID Revenue Losses (outside NYC), 2020 &amp; 2021</b>						
	Fiscal 2020 Revenue Losses		Fiscal 2021 Revenue Losses		Fiscal 2020 & 2021 Losses	
	Milder	Severe	Milder	Severe	Milder	Severe
Albany	\$50,607,450	\$68,819,883	\$12,651,862	\$34,409,941	\$63,259,312	\$103,229,824
Allegany	\$6,721,642	\$13,206,632	\$1,680,410	\$6,603,316	\$8,402,052	\$19,809,948
Broome	\$31,369,789	\$50,225,868	\$7,842,447	\$25,112,934	\$39,212,236	\$75,338,801
Cattaraugus	\$11,941,860	\$20,492,988	\$2,985,465	\$10,246,494	\$14,927,326	\$30,739,482
Cayuga	\$10,844,800	\$18,338,948	\$2,711,200	\$9,169,474	\$13,555,999	\$27,508,422
Chautauqua	\$16,299,362	\$26,134,534	\$4,074,840	\$13,067,267	\$20,374,202	\$39,201,801
Chemung	\$12,517,703	\$19,417,704	\$3,129,426	\$9,708,852	\$15,647,129	\$29,126,556
Chenango	\$5,945,099	\$10,582,280	\$1,486,275	\$5,291,140	\$7,431,374	\$15,873,420
Clinton	\$12,259,300	\$19,669,300	\$3,064,825	\$9,834,650	\$15,324,125	\$29,503,950
Columbia	\$9,409,724	\$15,987,032	\$2,352,431	\$7,993,516	\$11,762,155	\$23,980,548
Cortland	\$7,244,029	\$12,306,838	\$1,811,007	\$6,153,419	\$9,055,036	\$18,460,258
Delaware	\$5,492,501	\$9,674,044	\$1,373,125	\$4,837,022	\$6,865,626	\$14,511,066
Dutchess	\$42,859,136	\$68,936,798	\$10,714,784	\$34,468,399	\$53,573,920	\$103,405,196
Erie	\$144,396,191	\$207,661,393	\$36,099,048	\$103,830,696	\$180,495,239	\$311,492,089
Essex	\$9,662,300	\$14,234,036	\$2,415,575	\$7,117,018	\$12,077,875	\$21,351,054
Franklin	\$8,757,722	\$15,158,973	\$2,189,431	\$7,579,487	\$10,947,153	\$22,738,460
Fulton	\$6,548,931	\$10,741,227	\$1,637,233	\$5,370,613	\$8,186,164	\$16,111,840
Genesee	\$9,063,604	\$14,128,610	\$2,265,901	\$7,064,305	\$11,329,505	\$21,192,915
Greene	\$7,754,815	\$12,997,689	\$1,938,704	\$6,498,845	\$9,693,518	\$19,496,534
Hamilton	\$1,475,609	\$2,813,574	\$368,902	\$1,406,787	\$1,844,511	\$4,220,361
Herkimer	\$7,359,885	\$12,247,309	\$1,839,971	\$6,123,655	\$9,199,856	\$18,370,964
Jefferson	\$16,740,343	\$26,361,324	\$4,185,086	\$13,180,662	\$20,925,429	\$39,541,986
Lewis	\$3,633,924	\$6,778,829	\$908,481	\$3,389,414	\$4,542,405	\$10,168,243
Livingston	\$9,342,095	\$16,967,494	\$2,335,524	\$8,483,747	\$11,677,619	\$25,451,242
Madison	\$11,255,477	\$17,993,728	\$2,813,869	\$8,996,864	\$14,069,346	\$26,990,592
Monroe	\$105,688,713	\$165,718,713	\$26,422,178	\$82,859,357	\$132,110,892	\$248,578,070
Montgomery	\$6,405,780	\$10,498,289	\$1,601,445	\$5,249,145	\$8,007,225	\$15,747,434
Nassau	\$347,646,256	\$430,293,556	\$86,911,564	\$215,146,778	\$434,557,820	\$645,440,334
Niagara	\$27,467,610	\$39,505,231	\$6,866,902	\$19,752,616	\$34,334,512	\$59,257,847
Oneida	\$45,517,131	\$69,835,987	\$11,379,283	\$34,917,993	\$56,896,414	\$104,753,980
Onondaga	\$70,032,493	\$103,182,493	\$17,508,123	\$51,591,246	\$87,540,616	\$154,773,739
Ontario	\$17,247,860	\$26,457,217	\$4,311,965	\$13,228,609	\$21,559,825	\$39,685,826
Orange	\$61,752,293	\$90,243,680	\$15,438,073	\$45,121,840	\$77,190,366	\$135,365,520
Orleans	\$4,198,375	\$7,722,264	\$1,049,594	\$3,861,132	\$5,247,969	\$11,583,396
Oswego	\$12,375,364	\$22,135,703	\$3,093,841	\$11,067,852	\$15,469,204	\$33,203,555
Otsego	\$10,604,881	\$16,592,325	\$2,651,220	\$8,296,162	\$13,256,101	\$24,888,487
Putnam	\$11,176,318	\$17,835,484	\$2,794,079	\$8,917,742	\$13,970,397	\$26,753,226
Rensselaer	\$20,750,714	\$34,978,815	\$5,187,679	\$17,489,407	\$25,938,393	\$52,468,222
Rockland	\$45,967,539	\$72,097,334	\$11,491,885	\$36,048,667	\$57,459,423	\$108,146,001
Saratoga	\$24,646,220	\$34,097,897	\$6,161,555	\$17,048,948	\$30,807,775	\$51,146,845
Schoharie	\$23,671,157	\$38,734,884	\$5,917,789	\$19,367,442	\$29,588,946	\$58,102,326
Schoharie	\$5,816,067	\$11,523,343	\$1,454,017	\$5,761,672	\$7,270,084	\$17,285,015

*Continued*

Appendix B- Continued

Projected County COVID Revenue Losses (outside NYC), 2020 & 2021						
	Fiscal 2020 Revenue Losses		Fiscal 2021 Revenue Losses		Fiscal 2020 & 2021 Losses	
	Milder	Severe	Milder	Severe	Milder	Severe
Schuyler	\$3,757,514	\$6,107,555	\$939,379	\$3,053,778	\$4,696,893	\$9,161,333
Seneca	\$7,976,911	\$12,019,176	\$1,994,228	\$6,009,588	\$9,971,138	\$18,028,764
St. Lawrence	\$13,779,968	\$22,472,513	\$3,444,992	\$11,236,256	\$17,224,960	\$33,708,769
Steuben	\$13,079,872	\$21,030,430	\$3,269,968	\$10,515,215	\$16,349,839	\$31,545,644
Suffolk	\$386,920,028	\$486,653,630	\$96,730,007	\$243,326,815	\$483,650,034	\$729,980,444
Sullivan	\$12,915,364	\$19,985,015	\$3,228,841	\$9,992,507	\$16,144,204	\$29,977,522
Tioga	\$5,849,602	\$9,549,663	\$1,462,400	\$4,774,831	\$7,312,002	\$14,324,494
Tompkins	\$18,759,348	\$28,989,348	\$4,689,837	\$14,494,674	\$23,449,185	\$43,484,023
Ulster	\$27,786,855	\$43,926,530	\$6,946,714	\$21,963,265	\$34,733,569	\$65,889,796
Warren	\$15,616,578	\$20,734,758	\$3,904,144	\$10,367,379	\$19,520,722	\$31,102,138
Washington	\$5,303,885	\$9,750,475	\$1,325,971	\$4,875,237	\$6,629,856	\$14,625,712
Wayne	\$10,114,426	\$17,145,581	\$2,528,606	\$8,572,790	\$12,643,032	\$25,718,371
Westchester	\$259,113,656	\$360,201,601	\$64,778,414	\$180,100,801	\$323,892,070	\$540,302,402
Wyoming	\$5,580,998	\$10,621,918	\$1,395,249	\$5,310,959	\$6,976,247	\$15,932,876
Yates	\$3,473,263	\$6,149,288	\$868,316	\$3,074,644	\$4,341,579	\$9,223,932
<b>GRAND TOTAL</b>	<b>\$2,090,496,329</b>	<b>\$2,978,667,729</b>	<b>\$522,624,082</b>	<b>\$1,489,333,865</b>	<b>\$2,613,120,411</b>	<b>\$4,468,001,594</b>

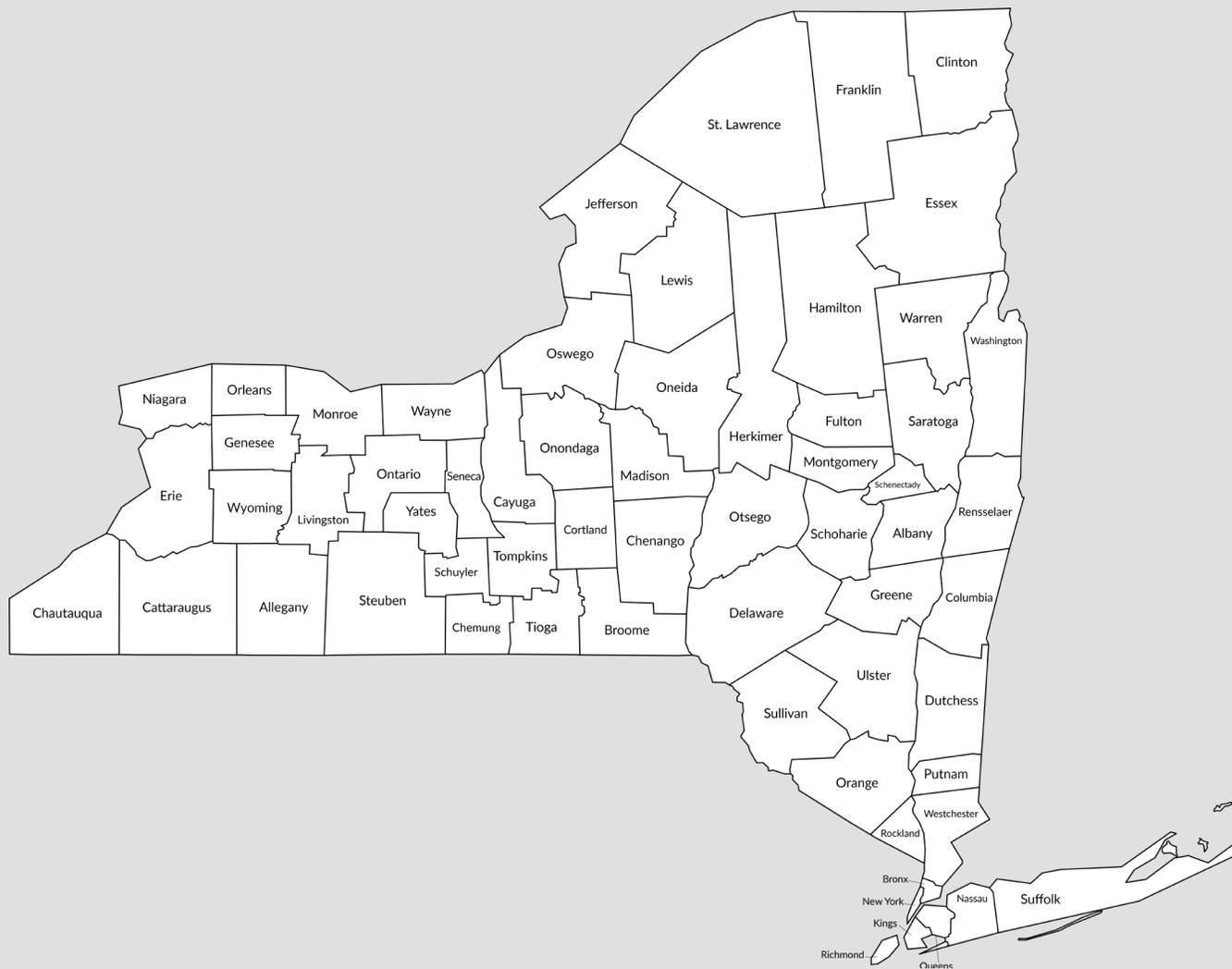
\*Counties outside of New York City. New York City projects City revenue losses of \$9 billion over fiscal years 2020 (\$2.3B) & 2021 (\$6.7B).



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