

# WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: **AD HOC SALES TAX**

DATE: **AUGUST 1, 2007**

**Committee Members Present:**

Supervisors Monroe  
Caimano  
W. Thomas  
Kenny  
Champagne

**Others Present:**

Hal Payne, Commissioner of Administrative & Fiscal Services  
JoAnn McKinstry, Deputy Commissioner of Administrative & Fiscal Services  
Joan Sady, Clerk of the Board  
Supervisor Merlino  
Supervisor O'Connor  
Supervisor Stec  
Supervisor Sokol  
Supervisor F. Thomas  
Supervisor Geraghty  
Debra L. Schreiber, Legislative Office Specialist

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Mr. Monroe called the meeting to order at 11:18 a.m.

Motion was made by Mr. Champagne, seconded by Mr. Caimano, and carried unanimously to approve the minutes of the June 9, 2007 meeting, subject to correction by the Clerk.

At the previous Committee meeting, Mr. Monroe stated it was decided additional information was needed prior to making a recommendation on the issue of sales tax and he referred the members of the Committee to the documents that were distributed.

Mr. Monroe stated the Committee queried whether Warren County and the State Legislature could be exempt from imposing a sales tax on certain items. According to the memorandum submitted by the County Attorney, he stated it was unlikely Warren County would be successful in achieving that as an alternative given the standard increase language that had been utilized for other Counties.

The second request asked for the amount of sales tax collected by each individual town and according to the New York State (NYS) Department of Taxation and Finance, Mr. Monroe apprised that the State did not record that information. If NYS eliminated sales tax on clothing purchases altogether, Mr. O'Connor said they would become heroes. According to his understanding of the memorandum written by the County Attorney, Mr. Monroe stated that upon a request by the County, the Legislature could adopt a law exempting sales tax on clothing purchases; however, he said, it was his opinion that without the support of all the counties throughout New York State and NYSAC (New York State Association of Counties), there was little chance of success. Mr. Monroe related that those Counties that had already increased their sales tax would consider the exemption as a loss of revenue rather than an alternative to reducing property taxes.

Mr. Champagne said he recalled previous discussions considering an option that would exempt full-time County residents versus the elimination of sales tax on major expenses. Mr. Monroe replied that it was his opinion the County would be less likely to exempt residents than retail merchandise. He briefly summarized the amount of funds Warren County raised by property taxes

(\$32 million), sales tax (\$47 million) and the County Attorney determination that any increase in sales tax could be dedicated to a property tax reduction. Theoretically, if the 2008 County Budget remained the same, he stated, property taxes would be half the amount assessed in 2007. According to estimated calculations from the Planning & Community Development Department, he added, that tourists paid approximately 30% to 40% of the sales tax. Historically, when the sales tax was originally adopted in 1968, Mr. Monroe said property taxes decreased by one-third the subsequent year.

Eugene Merlino distributed a proposed breakdown if a 1% increase in sales tax were adopted; *a copy of which is on file with the minutes.*

Prior to the introduction of the occupancy tax five years ago, Mr. Merlino suggested an increase in sales tax, which was defeated. He said he recently read that Saratoga County distributed to each township their pro rata share of the \$5 million they collected in sales tax. After he briefly reviewed his proposal, he indicated the County Budget had no choice but to stabilize and he anticipated the Warren County residents to be encouraged by the potential savings. Mr. Kenny responded that he disagreed with this proposal as it shifted the burden of promoting tourism to the local taxpayers. He expounded that the Warren County Budget had increased an average of \$7 million over the last five years while little had been done to decrease expenditures. Mr. Caimano added that Warren County also distributed funds that indirectly reduced town taxes by utilizing the surplus; however, he said, it was not published in the newspaper. With the exception of reducing the amount of occupancy tax collected, he said, he would concur with the proposal prepared by Mr. Merlino if fundamental changes were adopted in current County procedures.

Discussion ensued.

Prior to the Board of Supervisors accepting a proposal to an increase in sales tax, Mr. Caimano emphasized that the residents of Warren County must be advised of a plan that attempted to control the growth in spending.

At the previous Ad Hoc Sales Tax meeting, Mr. Monroe stated the Committee members requested the amount of property tax paid by each town. He said there appeared to be a shift in property taxes paid by down-county residents versus up-county residents, which he thought was a result of lake property values. The northern counties would appreciate a reduction in their property tax rates, he added.

Mr. Kenny noted the frivolous expenditures within some County departments could be eliminated, such as vehicles being driven to and from work by department heads; or County work vehicles being equipped with leather interior; or departments that expend \$300 for doctor breakfasts. He said he requested a quarterly breakdown of sales tax that would define tourism contributions as it was particularly heavy during the summer months and light the remaining months of the year. Mr. Monroe reported the Town of Chester reflected an increase in tourism revenue for the second quarter of 2007.

Mr. Stec indicated it was recommended that the Town of Queensbury and City of Glens Falls have separate tax assessors, which he suspected would decrease the equalization rate for the Town of Queensbury.

While New York State (NYS) must: 1) develop a different method of assessing property taxes; and 2) eliminate utilizing property taxes to fund the schools, Mr. Caimano said County expenditures must be reduced. Mr. O'Connor said he concurred with his fellow supervisors; however, he stated, it was unfair that the County was held responsible for each State mandate.

A discussion ensued.

According to his review of the requested information, Mr. Monroe remarked that a substantial portion of the sales tax was paid by non-County residents; however, Mr. Kenny said he disagreed. He said he did not believe the tourist would absolve the increase in sales tax.

A lengthy discussion ensued relative to the amount of quarterly sales tax collected by township.

Mr. F. Thomas commented a majority of the first, second and fourth quarter revenues were generated by the tourists. Mr. Kenny apprised that he recently reviewed a NYS breakdown by vendor that indicated a vast amount of the contributors were not tourists. Hal Payne, Commissioner of Administrative & Fiscal Services, advised that his office contacted local Warren County businesses requesting a "zip code" analysis but they would not release such information.

Pursuant to the Committee requests and the documents received, Mr. Monroe commented it was obvious a substantial portion of the sales tax would be paid by non-residents but there appeared to be a split opinion as to whether an increase in sales tax should be adopted. He added that the ultimate decision to increase the sales tax should be made by the full Board of Supervisors unless this Committee felt the issue was no longer debatable. While the general consensus of the Committee was that any property tax relief must be instituted by New York State, Mr. Caimano recommended the method by which property taxes were calculated in Warren County also be changed. Mr. Monroe suggested that expenses be categorized according to the NYS mandates.

A discussion ensued.

Mr. Caimano recommended the decision to increase the Warren County sales tax be discussed by the full Board of Supervisors at a special Board Meeting in September. If the full Board of Supervisors were in favor of the increase, Mr. Monroe stated a comprehensive hearing would be held articulating the advantages and disadvantages, as well as an opportunity for public comment prior to any final vote.

Mr. Geraghty queried whether the Committee had contemplated other options should the increase in sales tax be defeated in a vote. Mr. Kenny asked what alternatives the Board would have if the sales tax were increased and subsequently expenditures increased \$10 million. Mr. Caimano commented that \$1 million was deposited into the General Fund less than four years ago that had now been depleted. If an increase in sales tax was approved, Mr. Kenny said he felt they were less likely to reduce expenses.

In response to a query by Mr. Sokol, Mr. Monroe apprised that Warren County was one of five counties throughout New York State that had not increased their sales tax. While Mr. Sokol said he was not in favor of the increase, perhaps they (BOS) should consider raising the sales tax a half

of a percent. When NYS increased its sales tax one-quarter of a percent, no one said a word, remarked Mr. O'Connor. While Mr. Merlino concurred with the members of the Committee, he said there was a limit as to how much and how long expenses could be cut. Messrs. Caimano and Monroe commented there were departments that far exceeded the NYS mandates and those were the departments that needed to be re-evaluated.

Mr. Champagne remarked that he did not favor the revenue generated by Warren County being compared to other counties throughout NYS and he was undecided about an increase in sales tax because it was still considered a "tax". He said it was imperative that NYS and NYSAC agree to revise the school tax assessments. Mr. Kenny stated the tax rate in Saratoga County was 7%; Washington County was 7% and he queried if Warren County went to 8%, what would that do to local businesses. Mr. Stec responded that he had been advised that should Warren County increase their sales tax to 8%, that Washington County would adopt the same sales tax rate.

Discussion ensued.

Mr. Monroe recommended a Power Point presentation be given at a Special Board Meeting held in September. He suggested the presentation include the following information:

- amount collected in property tax;
- amount collected in sales tax;
- comparison amounts raised by one-half percent versus one percent increases;
- the possibility of dedicating the increase to the reduction of property taxes;
- what items could be exempt from the sales tax increase; and
- other alternative options.

Mr. Caimano stated there would be the need for public comment. Mr. Sokol suggested a notice be published in The Post Star requesting public comment.

There being no further business to come before the committee, on motion by Mr. Champagne and seconded by Mr. Merlino, Mr. Monroe adjourned the meeting at 12:20 p.m.

Respectfully submitted,

Debra L. Schreiber  
Legislative Office Specialist