

Donna Conkling

From: Mayor
Sent: Friday, July 26, 2019 6:38 PM
To: Trustee Veron; Trustee Ross; Trustee Arest; Trustee Crandall; Trustee Waldman; Trustee Lewis
Cc: Steve Pappalardo; Donna Conkling; Mary Lou McClure
Subject: Fwd: [Forum County Fiscal Affairs] Moodyâ€™s Investor Service Comments on Use of Added Sales Tax Revenues by Municipalities

FYI

Sent from my iPhone

Begin forwarded message:

From: Mayor <mayor@scarsdale.com>
Date: July 26, 2019 at 6:09:08 PM EDT
To: Mark Lewis <markannlewis@msn.com>
Cc: Carl Finger <carlfinger38@gmail.com>, Scott Silberfein <silberfein@yahoo.com>, Steve Pappalardo <spappalardo@scarsdale.com>
Subject: Re: [Forum County Fiscal Affairs] Moodyâ€™s Investor Service Comments on Use of Added Sales Tax Revenues by Municipalities

Mark,

Thank you for your email. It is good to hear from you, Mark.

I met with the Village Manager and Treasurer yesterday. We discussed the new sales tax and are working on an independent estimate of Village revenues.

While we are cautiously optimistic that the sales tax revenue will help to diversify the Village's revenues, we are erring on the side of caution and are waiting to see how the Village's share of this new revenue source materializes.

Also, keep in mind that there will be reduction in state aid of about \$180,000 that it tied to the first dollars generated by the new sales tax revenue.

The Village will look at actual revenues generated and the actual reduction in state aid over the coming months and use that historical track record to address these line items when we commence our 2020-2021 budget process.

With that said, it is certainly our hope that the new sales tax revenue can be used to help reduce reliance on Village property taxes and to diversify the Village's revenue base.

Best regards,

Marc

Sent from my iPhone

On Jul 26, 2019, at 5:42 PM, Mark Lewis <markannlewis@msn.com> wrote:

This extra money should help alleviate higher taxes for Scarsdale residents. I would like to know if you agree with me on this issue.
Mark Lewis

From: Timothy Foley via Forum <cfac@scarsdaleforum.com>

Sent: Friday, July 26, 2019 9:25 AM

To: Mark Lewis <markannlewis@msn.com>

Subject: [Forum County Fiscal Affairs] Moody's Investor Service Comments on Use of Added Sales Tax Revenues by Municipalities

Moody's Investor Service Comments on Use of Added Sales Tax Revenues by Municipalities

Moody's Investor Service issued a statement saying that replacement of nonrecurring revenue with recurring sales tax revenue is "a credit positive" for Westchester County, adding that "Many Westchester municipalities have stated they will use the money to alleviate the need for property tax increases in future budgets."

Moody's adds: "The county is one of the most heavily taxed in the country, so any relief for municipalities and school districts will be welcomed by taxpayers. However, the sales tax increase does increase municipalities' and school districts' exposure to economically sensitive revenues. A downturn in the economy threatens to put pressure on local governments to raise property tax revenue regardless of the new revenue source."

Regarding Westchester County's budget, Moody's said:

"The county projects that the increase will net approximately \$47 million in fiscal year 2019 and \$103 million in 2020. The tax increase is credit positive for the cash-strapped county, its municipalities and school districts to a lesser degree. The county shares approximately 30% of sales tax revenue with its municipalities and school districts that do not have their own sales tax.

"The cash infusion will allow the county to boost reserves, which have declined significantly over the past four years, Additional sales tax revenue will help Westchester County bring reserves and liquidity back to historical levels.

County management did not budget for the increase in sales tax revenue in 2019 given the uncertainty around whether it would be approved. As a result, the \$47 million in projected revenue is a favorable addition to budget. A portion of the unbudgeted sales tax revenue will be offset by cancellation of the sale of county-owned parking lots to the Westchester County Local Development Corporation, which was budgeted to generate \$23 million in nonrecurring revenue. Replacement of nonrecurring revenue with recurring sales tax revenue

"For 2020, the county projects a net increase in revenue of approximately \$103 million. The revenue addition in 2020 is larger than 2019 because the new tax will only be in effect for five months of 2019. With the new money, county management expects to increase its unrestricted fund balance to over \$80 million by the end of 2020, a significant improvement over the \$65 million at the end of 2018."

http://www.pelhamplus.com/top_news/article_4d294446-aece-11e9-8461-a39205bf671c.html