



NASSAU COUNTY LEGISLATURE
1550 FRANKLIN AVENUE, ROOM 126
MINEOLA, NEW YORK 11501
(516) 571-6292

Inter-Departmental Memo

To: Hon. Thomas McKevitt, Chairman of the Budget Review Committee
All Members of the Nassau County Legislature

From: Maurice Chalmers, Director
Office of Legislative Budget Review

A handwritten signature in blue ink, likely of Maurice Chalmers, is placed over the "From:" line.

Date: February 14, 2025

Re: FY 24 Year-End Sales Tax Collections

With the receipt of the sales tax check, on February 12, 2025, the County has received all sales tax collections for Fiscal Year 2024. FY 24 sales tax collections totaled \$1,579.7 million and were \$16.3 million, or **1.0%** higher than **FY 23** sales tax collections. The following chart illustrates the gross sales tax receipts for the period ending December 31, 2024, as compared to the same period in 2023 (year-over-year).

2024 Year-End Sales Tax Receipts				
(figures in millions)				
	2023	2024	Variance \$	Variance %
Gross YTD Sales Tax	\$1,563.4	\$1,579.7	\$16.3	1.0%

Sales tax growth is measured by comparing the year-over-year percent increase and as mentioned above, that rise was 1.0%. This total represents gross receipts which is more indicative of economic growth and is prior to any deductions. However, when the County drafts their budget, the Administration does include a growth factor in the budget and when the final number is compared to the FY 24 Budget, collections resulted in a \$1.8 million surplus.

The large period of sustained growth from post-pandemic sales tax receipts appears to be ending and along with it, the fiscal flexibility offered to County finances. Looking forward, the **FY 25**

Budget contains \$1,617.9 million in budgeted (without the deferral) sales tax collections, which is \$38.2 million more than the total FY 24 collections.

Year End 2024	Budget 2025	2025 Budget vs. 2024 Year End
\$1,579.7	\$1,617.9	\$38.2
Figures in millions		

The required growth rate needed to realize the FY 25 Budget is 2.4% which is larger than in recent years. The County has received one sales tax advice specifically related to FY 25 sales tax collections as of the date of this memo, and it fell compared to the same period last year. That was the Electronic Funds Transfer (EFT) portion of the February 6, 2025, check which declined 0.4% year-over-year and represents the electronically filed sales tax payments for purchases made through January 22, 2025.

Economic forecasters are predicting modest GDP growth in FY 25. The following chart illustrates that the average national economic growth in FY 25 is anticipated to be 2.1%. Moreover, Moody's GCP forecast reflects local economic growth is expected to be 2.0%. Neither growth rate would meet the required growth of 2.4% needed to make the budget.

Current Real US GDP 2025 - 2027 Forecasts			
	2025	2026	2027
Fannie Mae	2.2%	2.0%	N/A
Mortgage Bankers Association	1.9%	1.6%	1.5%
Federal Reserve Bank - Phil.	2.2%	2.1%	2.1%
The Conference Board	2.3%	1.8%	1.7%
Wells Fargo	2.1%	2.2%	N/A
Average US GDP Forecast	2.1%	1.9%	1.8%
Moody's GCP Forecast	2.0%	1.8%	1.8%

The table below illustrates Moody's entire economic forecast for Nassau County as of January 2025.

2025 to 2029 Nassau County Economic Forecast Projected Annual Growth Rates*					
	2025	2026	2027	2028	2029
GCP	2.0%	1.8%	1.8%	1.9%	2.0%
Personal Income	3.4%	3.2%	2.7%	2.7%	3.0%
Median Household Income	3.0%	3.3%	3.2%	2.9%	2.7%
Disposable Personal Income	2.9%	2.7%	2.5%	2.5%	2.7%
Employed	-0.4%	-0.4%	-0.2%	-0.1%	-0.2%
Unemployed	0.4%	3.1%	2.0%	0.2%	0.3%
Unemployment %	3.3%	3.4%	3.5%	3.5%	3.5%
Non Farm Jobs	0.8%	0.2%	-0.2%	-0.2%	-0.2%
New Mortgages	15.8%	20.5%	11.1%	5.0%	3.2%
Mrt Refinances	-6.5%	50.4%	60.3%	39.5%	9.8%
Median Home Sale Price	3.4%	1.6%	2.6%	4.0%	3.6%
Retail Sales	2.1%	0.8%	0.5%	1.1%	1.2%
Regional CPI	3.1%	3.4%	3.2%	2.9%	2.8%
*Unemployment % Details Annual Average					

Moody's is forecasting positive local economic growth for Nassau County from FY 25-FY 29. This growth has moderated from previous years. According to the NYS Department of Labor, as of December 2024, the Nassau-Suffolk region had an unemployment rate of 3.0%.¹ Moody's is predicting a small increase in the local unemployment rate to 3.3% in FY 25.

Nassau County sales tax receipts have been slowing, falling short of economic forecasts. Additionally, the level of growth needed to make the FY 25 budget may be difficult to achieve. Retail sales, which are a strong indicator of sales tax growth, grew 0.4% in December, and 3.9% in FY 24.² However, retail sales growth is slowing from the 5.6% growth rate seen in FY 23, which is largely due to a lower rate of inflation.³ FY 25 sales tax receipts remain highly uncertain, and sales tax receipts will need to be even more closely monitored, as any variation from expectations, could result in a deficit.

As the Federal Reserve has begun to loosen monetary policy by lowering the federal funds rate, and as inflation inches closer to their 2.0% target, there have been concerns that this policy shift, and economic uncertainties, such as new tariff and trade policies, could cause a rebound in inflation. This resulted in the Federal Reserve holding rates steady at its December 2024 meeting and projecting a slower pace of decreases in the federal funds rate than previously thought, with expectations of only 0.5% in decreases in 2025 compared to previously projected decreases of 1.0% in the federal funds rate in 2025 just a few months prior. However, despite the decreasing

¹ New York State Department Of Labor, data.ny.gov. January 28, 2025.

² Lucia Mutikani,, US retail sales exit 2024 with momentum; labor market on solid ground, [Reuters.com](https://www.reuters.com/). January 16, 2025.

³ Cox, Jeff, "Retail sales rose 0.6% in December, topping expectations for holiday shopping", [CNBC.com](https://www.cnbc.com/). January 17, 2024.

likelihood of a recession, and the diminishing yet uncertain effects of inflation, economic growth is forecasted by the Federal Reserve to be modest in 2025, as real GDP is estimated to grow 2.1%.⁴

As policy makers consider decisions that may impact the County, OLBR has summarized below a table that breaks down County sales tax receipts by spending **category** for the first three quarters of the last two fiscal years and is based on data provided by New York State. The data for the fourth quarter of FY 24 is currently not available.

County Sales Tax Receipts excluding 4th Quarter (In thousands)			
Category	FY 23	FY 24	% Change
Accommodation and Food Services	137,910	142,602	3.4%
Administrative and Support and Waste Management and Remediation Svcs.	27,987	28,621	2.3%
Agriculture, Forestry, Fishing and Hunting (not covered in economic census)	685	724	5.6%
Arts, Entertainment, and Recreation	14,681	19,034	29.7%
Construction	20,441	20,962	2.6%
Educational Services	573	569	-0.7%
Finance and Insurance	8,737	7,763	-11.1%
Health Care and Social Assistance	1,405	1,502	6.9%
Information	14,467	15,631	8.0%
Management of Companies and Enterprises	496	497	0.2%
Manufacturing	33,083	32,715	-1.1%
Mining, Quarrying, and Oil and Gas Extraction	132	112	-15.1%
Other Services (except Public Administration)	38,668	37,258	-3.6%
Professional, Scientific, and Technical Services	28,754	29,763	3.5%
Public Administration (not covered in economic census)	22,413	15,981	-28.7%
Real Estate and Rental and Leasing	25,697	25,268	-1.7%
Retail Trade	620,607	607,662	-2.1%
Transportation and Warehousing	5,775	6,331	9.6%
Unclassified	87,321	94,969	8.8%
Utilities	21,595	24,123	11.7%
Wholesale Trade	68,983	65,812	-4.6%
Grand Total	\$1,180,409	\$ 1,177,900	-0.2%

Conclusion

FY 24 sales tax receipts grew by 1.0% from the prior year. Looking forward, County sales tax collections would need to grow by 2.4% in order to make the FY 25 budget which is slightly higher than current economic projections indicating it could be challenging to achieve the FY 25 budget. Our Office will continue to monitor sales tax receipts regularly and will keep the Legislature apprised of any material changes in expectations that could impact the FY 25 budget and possibly necessitate budgetary adjustments.

If you should have any further questions, please don't hesitate to contact our Office.

cc: Andrew Persich, Budget Director, OMB
Evan Cohen, Executive Director, NIFA
Chris Ostuni, Majority Counsel
William T. Biamonte, Minority Chief of Staff
Michele Darcy, Minority Finance Director
Michael Pulitzer, Clerk of the Legislature

⁴ Federal Reserve of Economic Data, "FOMC Summary of Economic projections", [Fred.stlouisfed.org](https://fred.stlouisfed.org), December 18, 2024.