

**RULES, ENACTMENTS & INTERGOVERNMENTAL RELATIONS COMMITTEE
HELD IN ROOM #318
PUTNAM COUNTY OFFICE BUILDING
CARMEL, NEW YORK 10512**

Members: Chairwoman Addonizio and Legislators Nacerino & Sayegh

**Tuesday April 12, 2022
(Immediately following the Personnel Committee Meeting beginning at 6:30pm)**

The meeting was called to order at 6:47pm by Chairwoman Addonizio who requested Legislator Sayegh lead in the Pledge of Allegiance. Upon roll call Legislators Nacerino & Sayegh and Chairwoman Addonizio were present.

Item #3 – Approval of Minutes – March 9, 2022

The minutes were approved as submitted.

Item #4 – Discussion/ Motor Fuel Sales Tax Relief

Chairwoman Addonizio made a motion to waive the rules and accept the additional;
Seconded by Legislator Nacerino. All in favor.

Chairwoman Addonizio stated since this item was requested by Legislator Sullivan, the State budget has passed and included in the budget is a suspension of the State sales tax, which is \$0.08, and the State excise tax, which is \$0.08, on motor fuels from June 1, 2022 through December 31, 2022. She stated this provides a \$0.16 savings per gallon of gasoline.

Legislator Sullivan stated sales tax is a regressive tax, which means it effects everyone no matter their financial status. He stated therefore, it disproportionately has a negative impact on those on fixed or low incomes. He stated inflation is a concern among everyone, especially the increasing costs we are seeing on gasoline. He stated the County has an opportunity to temporarily place a cap on additional tax on motor fuels, which would hopefully help residents and businesses within Putnam County. He stated other counties within New York State have approved or are considering approving resolutions to temporarily cap the additional tax on motor fuel. He stated Dutchess County, Suffolk County, and Nassau County approved resolutions and Ulster County is currently considering the resolution. He stated the resolutions were approved on a flat sales tax basis on either \$2.00, \$3.00, or \$4.00 per gallon, not a percentage of the price. He stated if the Committee is interested in considering a similar resolution, we would need to decide which would work best in Putnam County. He stated the 2021 sales tax was over budget by about \$18 million. He stated so far in 2022, the County is \$1.8 million over budget for sales tax. He stated providing this temporary relief is a great way to assist Putnam County residents. He stated this temporary tax cap can be done on a quarterly basis beginning on June 1st and he would suggest implementing the

removal for the quarter beginning June 1, 2022 through August 30, 2022. He stated given the County's financial position he believes this is a good way to provide everyone who is buying gasoline with some relief.

Legislator Sayegh questioned what Commissioner of Finance William Carlin's opinion on this is.

Commissioner Carlin stated he disagrees with removing or capping the tax. He stated this idea has come up in the past when gas prices have risen. He stated the most definitive thing he has seen over his tenure was a report from the Albany County Comptroller in 2006 when they were deciding whether to implement a flat tax or the regular sales tax on gasoline. He stated at the time they looked at the neighboring county, Rensselaer, which was collecting regular sales tax on gasoline purchases and gas was still more expensive in Albany County. He stated it was concluded that tax does not drive the price of gasoline. He stated the problem is that it cannot be guaranteed that the savings resulting from the tax being temporarily removed will be passed along to the customer. He stated the State has no way to know if the customer is benefitting, however if a gas station is caught price gouging the State will implement a fine. He stated he does not believe this would be effective. He stated if the tax is going to be removed, it must be done a quarter at a time for a period of time set by the State ranging from June 1st-August 30th, September 1st-November 30th, and so on. He stated per the State, the counties can implement a cap at either \$2.00, \$3.00, or \$4.00 per gallon. He stated there was discussion early on about eliminating the tax, which could cost the County at least \$3 million over the summer alone. He stated an important consideration is that the tax on gasoline is one of the most effective ways to bring money into the County from outside, so this would not just be for the residents of the County. He stated any money lost from sales tax on gasoline would have to be made up for in property tax, which directly affects only those who live in the County.

Legislator Nacerino requested clarification on if the savings would be passed on to the consumer.

Commissioner Carlin stated there is no way to know if the savings is being passed on to the consumer. He stated the cost of gasoline can vary greatly by gas station.

Legislator Nacerino stated as a whole, she would think prices would begin to come down. She questioned what the fiscal impact would be if the tax were to be capped for one (1) quarter from June 1, 2022-August 30, 2022.

Commissioner Carlin stated it depends on what it is lowered to and what consumption is; it could be over \$1 million. He stated NSYAC (New York State Association of Counties) ran some numbers and found that if the tax was eliminated, Putnam County would lose about \$3 million between June and December. He stated Dutchess County is estimating to lose \$2 million by capping it at \$2.00. He stated Dutchess County's sales tax base is \$240 million while ours is \$65 million, therefore a hit to Putnam County is four (4) times as bad.

Legislator Sullivan stated the amount lost would depend on what is adopted, whether the cap is on \$2.00, \$3.00, or \$4.00.

Commissioner Carlin stated that is correct.

Legislator Sullivan stated it may be helpful to determine how much the County is willing to lose and then decide which dollar amount would be best to cap the motor fuel sales tax at. He stated the County is currently considering sharing \$5 million in sales tax with local municipalities and suggested lowering this amount to make up for the loss and spread that money more widely among our residents.

Chairwoman Addonizio stated that \$5 million has been promised to the local municipalities.

Legislator Nacerino stated the County committed to share that \$5 million. She stated she does not believe it would be good management to comingle that offer with this motor fuel sales tax cap.

Legislator Sayegh stated the "loss" being discussed is not exactly a loss, rather it would be revenue the County does not take in.

Commissioner Carlin stated it is a loss in terms of the County not taking in as much revenue as it would have.

Legislator Sullivan stated the County took in more sales tax revenue last year because of the increasing price of gasoline.

Chairwoman Addonizio stated it is important to help the residents when possible.

Legislator Sayegh stated the savings to the customer may not be realized because the gas stations could compete with one another.

Legislator Sullivan stated he believes the competition will be to the advantage of the customer.

Legislator Albano stated he believes placing a temporary cap on the motor fuel sales tax is the right thing to do, especially since it is per gallon. He stated this is a fair way to help the residents without hurting the County.

Legislator Gouldman questioned if this refers to fuel or only gasoline.

Commissioner Carlin stated the law is very specific to motor fuel. He stated there is no way to know if the savings is truly being passed along to the customer.

Legislator Montgomery questioned if the County does not implement this cap if there is any way to estimate how many customers will go outside of the County to purchase gasoline for a better price.

Commissioner Carlin stated that could be happening right now. He stated the price of gas is not really about the taxes. He stated before this opportunity came about, there was only one (1) county in the State with a flat tax on gasoline because it is not the taxes driving the price. He stated with the State's cap between June 1st-December 1st, it is going to lose \$0.16; \$0.08 on the excise tax and \$0.08 on the sales tax. He stated this does not mean the price of gas is going to drop \$0.16.

Legislator Gouldman stated any smart business would lower their prices to reflect the lower tax. He stated those that don't will have less customers. He stated when New Jersey did not have tax on gasoline, the price was considerably lower than in New York and he would fill up there whenever he was driving through. He stated he is in favor of this temporary cap as it makes sense for the taxpayer.

Legislator Nacerino stated she is also supportive of this. She stated when looking at something like this it is important to realize that the impact is an effort to protect the consumers and taxpayers in Putnam County. She stated inflation is affecting the price of all items, not just motor fuel. She stated she understands that there may not be a way to verify if the savings is being passed on to the consumer, but this is a small overture to try to help our constituents in good faith. She stated drivers will seek the lower gas prices, which could lead them to purchase gasoline outside of the County.

Legislator Castellano questioned how much sales tax Putnam County took in on the sale of gasoline from June 1, 2021 to December 1, 2021.

Commissioner Carlin stated he is unable to pull that information because the sales tax is comingled with the sales from the store attached to the gas station.

Legislator Castellano requested clarification on the breakdown of the State and local sales tax attached to a gallon of gasoline.

Commissioner Carlin stated the County collects 4% on the sale of gasoline and the State collects \$0.08 on up to \$2.00 per gallon and an \$0.08 excise tax.

Legislator Sullivan stated as the price of gasoline increases, the more sales tax the County collects because there is no cap.

Legislator Castellano stated the State has a flat tax and now this opportunity allows counties to opt into implementing a temporary flat tax.

Legislator Albano stated this has the potential to help the consumers and has little potential to hurt the County.

Chairwoman Addonizio stated this will hopefully keep customers in Putnam County.

Legislator Jonke stated he drives in Dutchess County multiple times per week and the gasoline prices are the same as they are here in Putnam. He stated if the average fill up is 15 gallons and the County's tax is 4%, that comes out to \$0.60 per fill up. He stated he does not believe this is enough to drive customers into or out of the County to purchase gas. He stated this tax cap would affect consumers within Putnam County, not necessarily Putnam residents. He stated residents are the ones who own property and pay property taxes and if we really want to make an impact for our constituents, a discussion should be had about reducing the property tax levy and not the gasoline tax.

Legislator Albano agreed.

Legislator Nacerino stated if the temporary tax cap results in a savings to the customers, that is a great thing and if not, there is no egregious impact on the County's budget.

Legislator Castellano stated he is concerned about what Commissioner Carlin has pointed out. He stated he drives over 60 miles per day to and from Westchester County. He stated the gas prices are lower in Brewster than they are in northern Westchester, however when you purchase cheaper gasoline it is reflected in the miles per gallon you get out of it. He stated he believes there will be a problem actually quantifying the savings from this change. He stated he would like to see all the options and would be supportive of a cap for a three (3) month period over the summer months. He stated he is not certain we will see the savings being projected. He stated he believes once the State's exemption goes into effect, we will not see a \$0.16 decrease in gasoline prices; the gas stations could keep the price higher and blame inflation.

Legislator Sullivan stated the gas stations will be competitive and as Legislator Goldman mentioned earlier, some will lower their prices, which will benefit them as they will have more customers.

Chairwoman Addonizio agreed with implementing the cap for a three (3) month period to be reassessed at that point.

Legislator Sayegh questioned how New York State's motor fuel sales tax ranks among other states within the country. She stated this is an opportunity to save taxpayers money during this time of inflation and she believes at least trying this for a three (3) month period is a good idea.

Legislator Albano agreed. He stated the County currently has a healthy sales tax base.

Legislator Sullivan stated this temporary reduction would be added to the New York State reduction, providing an even larger opportunity for customers to save.

Legislator Gouldman stated everyone is feeling the impact of inflation and he believes if the County is able to help in any way, we should.

Legislator Sullivan stated a decision needs to be made regarding what dollar amount and length of time to set this temporary tax cap at. He stated Suffolk County chose to set theirs at \$3.00 and Dutchess County chose \$2.00. He stated some counties chose to implement this from June 1st-December 1st.

Legislator Albano stated he would support capping the sales tax at \$2.00.

Legislator Nacerino requested clarification on the difference between the dollar amounts.

Commissioner Carlin stated currently the County collects 4% sales tax on the sale of gasoline no matter the price. He stated implementing the sales tax cap at \$2.00 per gallon would permit the County to collect only \$0.08 per gallon, implementing it at \$3.00 per gallon would permit the County to collect \$0.12 per gallon, and implementing it at \$4.00 would permit the County to collect \$0.16 per gallon.

Legislator Castellano questioned how the gas station accommodates the change in sales tax.

Commissioner Carlin stated he does not know, it may involve reconfiguring the pumps.

Legislator Jonke stated the gas stations will charge the price per gallon and pay a discounted sales tax. He stated he does not see how a sales tax cap is going to reflect in the price.

Commissioner Carlin agreed and stated he does not believe a savings will be evident.

Legislator Nacerino stated this is a short term commitment and is worth trying.

Commissioner Carlin stated a decision on whether to implement this needs to be made very soon.

Legislator Sullivan stated he would support capping the sales tax at \$2.00 per gallon.

Chairwoman Addonizio questioned how long it should be in place for.

Legislator Sullivan questioned if it needs to be done in three (3) month increments.

Commissioner Carlin stated yes, it does.

Chairwoman Addonizio questioned if the cap could be extended at the end of the three (3) months.

Commissioner Carlin stated yes, another resolution could be passed at that time.

Legislator Sayegh suggested capping the sales tax at \$3.00.

Legislator Sullivan stated currently, the County is collecting revenue of 4% sales tax on gasoline and as the price increases, the more the County brings in. He stated that is part of why the sales tax came in over budget last year.

Legislator Sayegh stated a main reason for tax on gasoline is to maintain the roadways being utilized by those drivers. She stated the County is not profiting off the sales tax, it is being put into the County's budget to be used toward necessary expenditures. She suggested implementing the sales tax cap at \$3.00.

Legislator Nacerino questioned if the gas stations can be notified of the County's intention in capping the sales tax and what the expectation is.

Commissioner Carlin stated the State will fine a gas station that is caught price gouging.

Legislator Montgomery stated Legislator Sayegh made a good point about maintaining the roadways with the tax money. She stated that was a concern when the State proposed this and it was explained that the revenue goes into the general fund, which is currently in a surplus on the State level. She stated the same is true for Putnam County.

Legislator Castellano stated he would like to see data on this.

Commissioner Carlin stated based on NYSAC's research, eliminating the tax completely would cost about \$3 million. He stated capping the sales tax at \$2.00 would cost about \$1.5 million and capping at \$3.00 or \$4.00 would fall somewhere in the middle.

Legislator Castellano questioned how many gallons of gasoline are sold on average in Putnam County.

Commissioner Carlin stated he does not have that information.

Legislator Castellano questioned if it would be possible to lower the percentage of sales tax collected from 4% to 3% rather than capping the sales tax at a dollar amount per gallon.

Commissioner Carlin stated that is not an option because the State is requiring counties to utilize the resolution they provided with no amendments. He stated the County can choose to cap sales tax at \$2.00, \$3.00, or \$4.00 and set the period of time.

Legislator Albano suggested implementing the cap at \$2.00 for a six (6) month time period.

Legislator Castellano suggested starting with a three (3) month time period.

Legislator Sayegh agreed with a three (3) month time period.

Chairwoman Addonizio also agreed with a three (3) month time period. She stated it can be reassessed at the end of the three (3) months.

Legislator Sullivan stated if the gas prices begin to come down, this will no longer be necessary, but it will help while the prices are so high.

Legislator Gouldman questioned how much sales tax was brought in over budget for 2021.

Commissioner Carlin stated the County collected about \$18 million in sales tax over budget.

Legislator Gouldman stated the surplus brought in last year makes him more comfortable with trying this temporary tax cap.

Legislator Sullivan stated he believes the consensus is to have the tax cap implemented at \$2.00 per gallon. He questioned what the time frame should be and suggested six (6) months.

Chairwoman Addonizio and Legislator Sayegh stated they would like to implement it for three (3) months.

Commissioner Carlin stated the quarter would go from June 1, 2022 to August 30, 2022 and then from September 1, 2022 to November 30, 2022.

Legislative Counsel Robert Firriolo stated this item is not on the agenda for approval. He stated it could be moved to the Audit & Administration Committee and request the Chairman of the Audit & Administration Committee to put this item on the agenda for approval, either by resolution or in concept.

Commissioner Carlin stated voting on this in May might not leave enough time.

Legislator Nacerino stated a Special Full Legislative Meeting could be held.

Legislator Castellano questioned if it would have to go into effect June 1st, or if it could begin July 1st.

Commissioner Carlin stated it would have to begin at the quarter of the State, therefore if it did not begin June 1st, it would have to wait until September 1st.

Legislator Sullivan stated the other counties that have recently enacted this have it to begin June 1st.

Legislator Nacerino suggested moving this item to the Audit & Administration Committee for approval and schedule a Special Full Legislative Meeting following the Audit & Administration Committee meeting.

Chairwoman Addonizio made a motion to move Motor Fuel Sales Tax Relief to the Audit & Administration Committee; Seconded by Legislator Sayegh. All in favor.

Legislator Albano stated the dollar amount and time frame will need to be decided.

Item #5 – Approval/ Consideration of Rule 68 Offer/ Grimaldi v. County of Putnam, et al.

At 7:33pm Chairwoman Addonizio made a motion to go into executive session to discuss a litigation matter; Seconded by Legislator Nacerino. All in favor.

At 7:40pm Chairwoman Addonizio made a motion to come out of executive session; Seconded by Legislator Nacerino. All in favor. No action was taken.

Chairwoman Addonizio made a motion to pre-file the necessary resolution; Seconded by Legislator Nacerino. All in favor.

Item #6 – Update/ Litigation Status/ Commencement of Counter-Claim/ A. Servidone/ B. Anthony v. County of Putnam, et al.

At 7:41pm Chairwoman Addonizio made a motion to go into executive session to discuss a litigation matter; Seconded by Legislator Sayegh. All in favor.

At 7:46pm Chairwoman Addonizio made a motion to come out of executive session; Seconded by Legislator Nacerino. All in favor. No action was taken.

Item #7 – FYI/ Litigation Report – Duly Noted

Item #8 – Other Business – None

Item #9 – Adjournment

There being no further business, at 7:47pm Chairwoman Addonizio made a motion to adjourn; Seconded by Legislator Nacerino. All in favor.

Respectfully submitted by Administrative Assistant, Beth Robinson.