



Essex County
Office of the Manager

7551 Court Street - PO Box 217 - Elizabethtown, New York 12932
Telephone (518) 873-3333 - Fax (518) 873-3339

Michael Mascarenas, County Manager
michael.mascarenas@essexcountyny.gov

James Dougan, Deputy County Manager
james.dougan@essexcountyny.gov

Municipal Expenditure of Essex County Occupancy Tax Revenues

2023 Guidance Document

What Can Municipalities Spend the Occupancy Tax Funds On?

A percentage of the revenue derived from the Occupancy Tax shall be allocated to municipalities to support the local economy and further enhance tourist opportunities. Municipalities may utilize Occupancy Tax Revenue to advance a wide variety of community-led initiatives that enhance the local economy, improve quality of life, and invest in the tourism industry and related activities that generate revenue for our county.

Understand that the categories below represent *potential* allowable expenditures. However, the specifics surrounding any expenditure to these funds must comply with the current occupancy law. The law requires that expenditures of these funds meet the criteria of tourism promotion and cannot be used for general government support. For example: A sidewalk or lighting project on your Main Street would be an allowable cost, while a sidewalk or lighting project in a largely residential neighborhood would not be.

If you are uncertain that a project or event qualifies, simply refer your proposed expenditure to the Chairman of the Board of Supervisors. The Chairman will select three neutral members of the Board to work with the County Attorney or County Manager to determine program eligibility.

The Essex County Treasurer will issue two payments annually to all Essex County Municipalities. These payments will generally be made in January and June. Payments will be made based upon the agreed upon formula and can vary from year to year.

Potential Expenditure Categories/Uses: Please understand that the categories below are not all inclusive.

Streetscape Improvements

- Public sidewalks
- Street-crossing safety features
- Street lighting
- Pedestrian walkways
- Bicycling infrastructure (lanes, bike racks)

- Street landscaping, plantings
- Street furniture
- Placemaking features, signage

Parks & Recreation Amenity Enhancements

- Public park/open space enhancement
- Public beaches and boat launches
- Playgrounds
- Municipal golf courses
- Municipal ski/rope tow facilities
- Pavilions
- Municipal athletic fields/courts/rinks/facilities
- Public trails (hiking/biking/snowmobile)
- Fishing access areas
- Municipal campgrounds

Local Government Services & Facilities Improvements

- Museums
- Facilities that host events
- Municipal Visitor Centers
- Youth Commission Events that bring in outside visitors

Main Street Development Opportunities

- Mini-grant program small business program
- Façade improvements

Public Infrastructure (may be limited depending on location and purpose of the project)

- Water/Waste Water/Stormwater
- Broadband
- Engineering, preliminary design
- Mapping
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Public Transportation & Connectivity

- Public transportation programs
- Bike-share programs

Property Acquisition

- Public parks/open space
- Public parking
- Public facilities

- Building condemnation/demolition in business district

Green Infrastructure Projects

- EV charging stations (purchase, install, maintenance, etc.)

Marketing & Events

- Municipal website development
- 'Buy Local' campaigns
- Farmers Markets, summer concert series, festivals
- Tourism promotion, visitor experience enhancements
- Continuing Education opportunities, conferences
- Arts/culture/heritage initiatives
- Any event meant to draw visitors

What Expenditures Are Not Allowable?

- General Governmental Operating Expenses (you can't buy down the levy)
- Funds cannot be used to pay down debt (this includes special districts)
- Cannot be given to non-profits or other taxing entities for operating costs.
- Endowments
- Projects that have previously taken place.
- Items that are not able to be justified as promoting tourism.

What Other Requirements Do Municipalities Have?

- Any unexpended funds at the end of the year shall be designated in a restricted fund balance account for future appropriations.
- Municipalities will be required to complete an annual report of these expenditures. The report will require an accounting of actual dollars spent and what activities were supported with these dollars. Reporting forms will be provided to each municipality.

