



State Comptroller Thomas DiNapoli in 2019. On Thursday, he praised Long Island's resilience, calling it a "bright spot for our economy." Credit: Jeff Bachner

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Long Island's position among the state's leaders in recovering jobs lost last year because of the pandemic, and its significant gains in sales tax revenue, are positive indicators of economic recovery, said state Comptroller Thomas DiNapoli, who nevertheless urged caution, citing challenges that remain.

"What's really kept us afloat in the state has been a very significant infusion of federal dollars," he said during a virtual meeting of the Long Island Regional Planning Council on Thursday, citing \$12.7 billion New York got from the federal American Rescue Plan.

"We have to recognize this money is not forever," DiNapoli said. "There's still a lot of potential out there for volatility" with COVID-19, inflation and international events. "So we still need to be cautious."

Statewide, DiNapoli said, jobs recovery over the summer hit about 56% of those lost at the pandemic's peak. He said 1.9 million jobs were lost in New York State at that time.

"We still have a long way to go to bring all of those jobs back. Most of the job gains over the summer, not surprisingly because of population density, were in New York City, Long Island, Orange, Rockland and Westchester," amounting to 80% of the job recovery gains, according to information his office provided.

DiNapoli said the Island was "faring a little bit better than the statewide numbers — almost 63% of the jobs that were lost during the pandemic have come back."

He said job recovery varied by industry, noting that the leisure and hospitality sector fared well on the Island, with more than 90% of those jobs recovered.

He said that statewide, manufacturing, retail and construction also did well, each with "close to 70%" of jobs recovered. Government and education were areas that were "lagging, in terms of job regrowth."

DiNapoli said unemployment numbers also have continued to improve.

"Over the summer New York State unemployment was about 7.4%, New York City, still double-digit, a little over 10%." He said Long Island's unemployment rate was 5% — "a big improvement" over the 18% unemployment rate the Island had in April 2020, at the height of the pandemic.

He praised Long Island's resilience, calling it a "bright spot for our economy."

Meanwhile, DiNapoli said sales tax collections, a large revenue source for governments, were rebounding.

"When the pandemic first hit, sales tax revenue dropped over 27%. The economy went on hold. Everything stopped. For all of 2020, we were down 10% for the year" statewide, he said. "As the state has reopened and the economy has started to come back, sales tax revenue has rebounded significantly. The second quarter of 2021, compared to last year, the revenue was up by 49%."

He said by the third quarter, "things started to level off and we're still up around 20% year over year."

What's more interesting is the comparison to the pre-pandemic year of 2019, DiNapoli said.

"Both those second-quarter and third-quarter numbers, we're ahead of the 2019 figures, so for the third quarter of the calendar year, we're up 8.6% statewide in sales tax collections over 2019. So I think that really speaks to the fact that we are seeing significant increase in economic activity that's measured by sales tax collections."

He said it was similar for Long Island: Sales tax revenue was up about 60% in the second quarter this year compared to the same quarter last year.

Sales tax collections on the Island overall in the third quarter were up 17% over the same quarter in 2019, he said — 14% in Nassau and 19% in Suffolk, respectively.

However, DiNapoli sounded another cautionary note. He said he wanted to highlight the \$9 billion New York owes the federal government in unemployment insurance loans, after the state depleted its Unemployment Insurance Trust Fund.

He was concerned that higher unemployment insurance tax rates for businesses to pay off the debt could damage the state's economic recovery. "Whether the federal government will waive any or all it ... remains an open question," DiNapoli told the council.

Council chair John D. Cameron noted that the significant federal infusion of money to states and localities led New York to increase aid to local school districts. He asked, "How do you see that as a risk going forward if that money is still not there next year and the following years?"

DiNapoli said it was "less of a risk for the next two or three years. The problem is going to be projecting further into the future."