



The Retail Report

2Q 2020



September 1, 2020
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In cooperation with:
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Preface – The Retail Report 2Q 2020

The Free Enterprise Forum is pleased to present this compilation of sales tax data from localities in the greater Charlottesville area. Knowing the history of retail sales tax revenue over the years as well as the seasonality of such sales, can help decision makers and stakeholders understand market trends.



The COVID-19 restrictions impacted all the localities. Charlottesville and Albemarle were most dramatically impacted. The Free Enterprise Forum believes there were several contributing factors to this impact. Three important factors include:

- **Work from Home** -The number of workers that usually commute into these localities, and who shop there began working from home in other jurisdictions where they began to do their shopping.

- **Schools Closure** - the impact of the closure of K-12 schools, the University of Virginia and other higher learning institutions significantly reduced the number of consumers in these localities
- **Business Interruption** - in 2020 Q2 many retail and dining options that were operating on reduced hours (or closed completely).

As enterprises continue to pivot their business models to accommodate social distancing and other COVID-19 realities, we are hopeful that the economic rebound we see in some localities becomes a region wide trend.

The Retail Report is based on the Virginia Department of Taxation's [Local Option Sales Tax Data](#). According to the [University of Virginia's](#) Weldon Cooper Center for Public Service's [Center For Economic Policy Studies](#):

"Any city and county may levy a general retail sales tax at the rate of one percent to provide revenue for the locality's general fund. All local sales tax moneys collected by the localities are paid into a state treasury special fund. The State collects and distributes this Local Option one percent Sales and Use Tax, as provided under the Code of Virginia §58.1-605 and §58.1-606. Actual distributions are made monthly to every county and city based on the locality in which the tax was collected. The amounts are recorded in the Local Option Sales Tax report."

The local "option" is a bit of a misnomer as the State has mandated its collection at a minimum of 1% for all localities in the state (Hampton Roads, Northern Virginia, and Historic Triangle have additional local sales tax greater than 1%).

The Retail Report uses the 1% local retail sales tax figures, decidedly important to local governments' budgets, to provide a means to calculate the total of actual retail sales. *That 1% speaks loudly as together with the other 99% represents the total amount of actual retail commerce in the community over the noted period.*

Accordingly, \$10 of local retail sales taxes collected calculates into \$1,000 in actual retail sales. *For example, the \$1.359 million of reported local sales tax collected in Albemarle County in January 2020, reveals the impact of \$135.9 Million in total retail sales of the Albemarle County retail economic engine in that one month.*

2020 marks the first full year of the impact of "*The Wayfair Decision*". On June 21, 2018, The United States Supreme Court ruled 5-4 in *South Dakota v. Wayfair* that states can mandate that businesses without a physical presence in a state with more than 200 transactions or \$100,000 in-state sales collect and remit sales taxes on transactions in the state. In Virginia, these sales taxes include the 1% locality option. As a result, 1% of all internet sales taxes collected are remitted from the state to the locality where the order was shipped.

The Retail Report could not have been accomplished without the technical support, institutional knowledge, and guidance of a local organization and Free Enterprise Forum supporter, which has been compiling this data for more than fifteen years.

Timothy Hulbert of [THinc](#) consultancy provided significant research, writing & editing, expertise, and energy to this compilation and analysis effort. The Free Enterprise Forum is solely responsible for the content of this report.

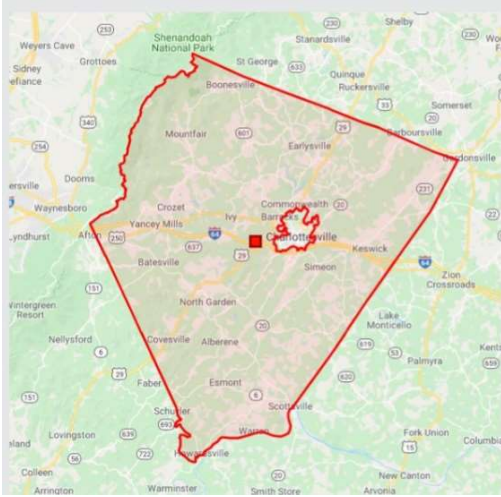
Founded in 2003, the Free Enterprise Forum is a privately funded public policy organization. A 501(c)6 nonprofit organization, the Free Enterprise Forum wishes to thank our donors for their financial support of our work. If you find this report helpful, please consider becoming a donor.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read 'Neil Williamson', with a long horizontal flourish extending to the right.

Neil Williamson
President

I. Albemarle County



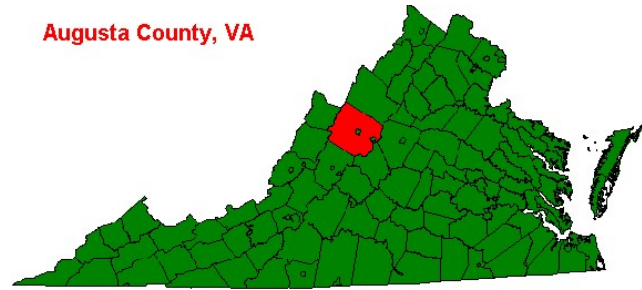
[Albemarle County](#) with a land mass of 722.61 square miles (462,470 sq. acres) and a population of over 108,000, has a population density of 149.45 persons per square mile. Albemarle has seen significant increases in retail sales tax revenue since 2006 increasing by over 41% to a total of \$18,452,972 in 2019.

2020 started strong for Albemarle retail sales tax revenue but slowed in March & April. Compared to 2019, Albemarle witnessed a marginal increase of +1.03% (+\$85,675), or a total retail commerce of \$836.9 million for the first half of 2020.

Albemarle County					
	2017	2018	2019	2020	Monthly % Change
January	1,154,507	1,212,349	1,171,452	1,359,396	16.04%
February	1,178,635	1,206,732	1,192,621	1,312,367	10.04%
March	1,391,812	1,448,423	1,489,878	1,497,729	0.53%
April	1,339,725	1,353,086	1,463,564	1,209,473	-17.36%
May	1,415,098	1,484,541	1,492,517	1,452,813	-2.66%
June	1,498,162	1,480,973	1,474,515	1,538,444	4.34%
July	1,286,395	1,369,315	1,506,295	YTD	1.03%
August	1,465,800	1,497,477	1,610,011		
September	1,427,915	1,391,567	1,963,196		
October	1,424,045	1,416,056	1,616,487		
November	1,438,897	1,463,122	1,608,254		
December	1,665,548	1,618,241	1,864,181		
TOTAL	16,686,540	16,941,882	18,452,972		
Percentage Increase	6.85%	1.53%	8.92%		

II. Augusta County

As of the 2000 census, [Augusta County](#) had a population of 65,515. With a land mass of 971 square miles (621,440 sq. acres) the resultant population density is 67.4 persons per square mile (the lowest density included in this study). Since 2006 Augusta has seen its sales tax revenue grow by over 34% to \$6,516,222 in 2019. Augusta's 2020 first half sales tax collections were +11.5%



(+\$354,828) for a retail commerce total of nearly +\$35.5 million through the first half of 2020. June alone saw the greatest increase of +29.39% as compared to June 2019.

	Augusta County				Monthly % Change
	2017	2018	2019	2020	
January	387,460	411,591	524,494	505,266	-3.67%
February	384,095	387,767	410,289	483,133	17.75%
March	497,021	497,755	514,388	596,001	15.87%
April	446,923	471,981	533,844	567,255	6.26%
May	482,961	517,715	576,248	611,120	6.05%
June	523,706	517,729	514,777	666,093	29.39%
July	457,604	494,642	564,643	YTD	11.54%
August	485,356	521,887	535,851		
September	497,603	524,334	584,145		
October	477,604	515,487	574,280		
November	476,747	504,457	560,454		
December	515,971	650,191	622,809		
TOTAL	5,633,051	6,015,537	6,516,222		
Percentage Increase	1.84%	6.79%	8.32%		
<i>Source: VA Department of Taxation</i>					

III. City of Charlottesville

The City of [Charlottesville](#) is the smallest locality studied in terms of land area, 10.26 miles, (just under 7,000 square acres). The City is also the locality with the highest population density, at 4,803 persons per square mile in 2018. In 2018, Charlottesville had 5,857 unique business licenses in 2018.



Charlottesville witnessed retail sales increases in January and February, but steep declines starting in March. Overall compared to 2019 Charlottesville 2020 first half sales tax collection declined by over -11.5% for total retail commerce \$508.1 million through the first half of 2020. The much-reduced level of University of Virginia local student residents and *regular consumers* and absence of UVA final exercises significantly impacted the April and May 2020 results

The rate of decline decreased in June - down just 5.41% compared with June 2019.

Charlottesville City					
	2017	2018	2019	2020	Monthly % Change
January	843,728	872,660	849,746	939,731	10.59%
February	808,982	847,668	859,468	862,250	0.32%
March	912,688	992,686	999,343	875,278	-12.41%
April	934,735	981,892	1,039,464	730,578	-29.72%
May	945,496	974,716	1,044,281	768,399	-26.42%
June	936,957	950,816	956,969	905,153	-5.41%
July	896,654	927,652	981,618	YTD	-11.62%
August	1,006,753	968,106	1,041,700		
September	1,022,630	1,012,793	1,046,743		
October	981,651	1,045,633	1,095,374		
November	955,480	1,033,191	1,077,917		
December	1,149,712	1,139,953	1,172,317		
TOTAL	11,395,468	11,747,767	12,164,940		
Percentage Increase	-3.34%	3.09%	3.55%		

IV. Fluvanna County



[Fluvanna County](#) has a land mass of over 282 square miles and a population of 26,692. The results in a density of 94.6 persons per square mile (compared to Charlottesville’s 4,803 persons per square mile)

Fluvanna’s 2020 first half retail sales increased by 18.51% over 2019 first half sales. Fluvanna’s total retail commerce totaled \$109.8 million through the first half of 2020.

Compared with May 2019, Fluvanna’s May 2020 sales increased by 24.27%. As many Fluvanna workers travel into Albemarle and Charlottesville to work, the increase in sales activity in June is likely a combination of the “Wayfair Decision” (see preface) and increasing work from home mandates.

Since 2006, Fluvanna has greater than doubled their retail sales tax revenue (224%)

Monthly Local Option One Percent Sales Tax Revenue					
Fluvanna County					
	2017	2018	2019	2020	Monthly % Change
January	107,921	120,534	123,781	158,378	27.95%
February	114,988	138,366	121,000	142,262	17.57%
March	181,095	161,995	161,313	203,287	26.02%
April	134,589	167,877	158,096	184,974	17.00%
May	149,210	158,029	164,216	204,077	24.27%
June	157,775	174,815	198,407	205,373	3.51%
July	132,909	142,194	175,178	YTD	18.51%
August	141,147	148,731	185,777		
September	135,887	172,522	189,303		
October	141,767	142,493	180,813		
November	147,587	147,048	176,687		
December	163,637	148,182	202,541		
TOTAL	1,708,513	1,822,785	2,037,112		
Percentage of	4.43%	6.69%	11.76%		

Source: VA Department of Taxation

V. Greene County

Other than the City of Charlottesville, [Greene County](#) is the smallest locality (geographically) included in this study. With 156.58 square miles of land area and 19,959 residents, Greene County has a population density of 127 persons per square mile.

The major areas of commercial and business growth in Greene County are along the US 29 corridor, between Ruckersville and Albemarle County, and the US 33 corridor between Ruckersville and the County seat of Stanardsville. The introduction of “Big Box” stores (Lowes 2008, Walmart 2009) significantly increased county’s sales tax revenue generation.



Compared to the first half of 2019 and 2020, Greene County’s retail sales increased by 18.56%, for total retail commerce \$128.6 million through the first half of 2020.

Greene County saw its highest month-to-month increase in June 2020 with nearly 33% increase in retail activity compared to June 2019.

	Greene County				Monthly %
	2017	2018	2019	2020	
January	129,106	135,117	148,757	169,908	14.22%
February	133,265	130,632	145,904	164,105	12.48%
March	163,931	178,651	191,710	225,582	17.67%
April	161,082	166,571	199,669	222,555	11.46%
May	168,193	177,152	203,769	244,672	20.07%
June	178,820	184,201	195,337	259,681	32.94%
July	155,434	169,285	201,834	YTD	18.56%
August	154,983	171,723	193,920		
September	166,530	177,032	203,954		
October	163,920	168,186	201,209		
November	165,939	186,204	198,965		
December	175,542	184,205	217,902		
TOTAL	1,916,745	2,028,958	2,302,930		
Percentage Incre	-3.62%	5.85%	13.50%		

VI. Louisa County



[Louisa County](#) has a land area of nearly 500 square miles and a population density of 72 persons per square mile. While most of the land mass is residential and agricultural, Louisa also several productive commercial areas including Zion Crossroads.

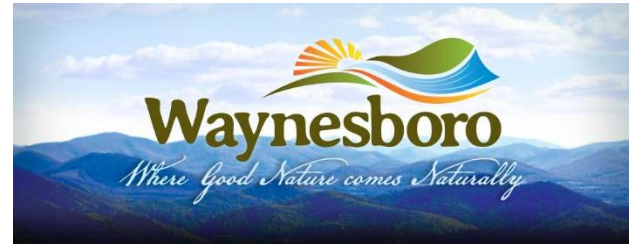
As in Greene County, the introduction of “Big Box” stores (Lowes 2008, Walmart 2009) significantly increased Louisa’s sales tax revenue generation.

In the first half of 2020, Louisa saw an increase of 24.32% compared to first half of 2019, of the year for total retail commerce \$244.7 million for the first half of 2020.

	Louisa County				Monthly %
	2017	2018	2019	2020	
January	238,915	248,524	267,335	305,204	14.17%
February	249,214	268,451	259,860	340,725	31.12%
March	329,196	337,461	339,333	418,589	23.36%
April	292,392	295,999	352,743	430,852	22.14%
May	314,597	331,930	372,985	467,999	25.47%
June	328,933	353,453	376,358	483,956	28.59%
July	292,552	350,125	366,003	YTD	24.32%
August	299,252	324,593	375,162		
September	312,053	320,843	390,646		
October	325,178	303,016	349,062		
November	296,796	336,190	351,524		
December	362,357	361,016	398,121		
TOTAL	3,641,434	3,831,601	4,199,134		
Percentage Incre	-1.80%	5.22%	9.59%		

VII. City of Waynesboro

With a land mass of 15.40 square miles and a population of 22,628, the independent city of [Waynesboro](#) has a population density of 1,469 persons per square mile (second only to Charlottesville in this study).



Waynesboro's 2020 sales tax data through the second quarter showed an increase of 4.62%, when compared to first half 2019, for total retail commerce \$278.6 million through the first half of 2020.

Waynesboro rebounded after being essentially flat in the first quarter. With a strong June (+19.07% over June 2019) it is likely too early to call this a trend, but it is a good sign.

Waynesboro City					
	2017	2018	2019	2020	Monthly % Change
January	382,645	389,978	393,108	384,096	-2.29%
February	378,900	399,684	406,075	398,913	-1.76%
March	457,925	520,086	473,343	488,675	3.24%
April	447,974	448,640	455,990	450,664	-1.17%
May	451,112	511,917	478,022	519,962	8.77%
June	479,425	577,149	456,858	544,003	19.07%
July	438,333	429,608	488,564	YTD	4.62%
August	412,205	424,673	449,419		
September	461,302	444,388	464,609		
October	426,473	446,140	473,089		
November	464,981	471,067	482,437		
December	559,800	512,614	459,697		
TOTAL	5,361,076	5,575,945	5,481,212		
Percentage Increase	-2.11%	4.01%	-1.70%		
<i>Source: VA Department of Taxation</i>					

VIII. Conclusion

The sales tax data in **The Retail Report** looks backwards in time and provides an objective metric regarding retail sales performance. The historical tax data provides a window to the seasonality of retail sales throughout the year.

The COVID-19 restrictions impacted all the localities. Charlottesville and Albemarle were most dramatically impacted. The Free Enterprise Forum believes there were several contributing factors to this impact. Three important factors include:

- Work from Home -The number of workers that usually commute into these localities, and who shop there began working from home in other jurisdictions where they began to do their shopping.
- Schools Closure - the impact of the closure of K-12 schools, the University of Virginia and other higher learning institutions significantly reduced the number of consumers in these localities
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Please consider financially supporting the Free Enterprise Forum if you find this work of interest/value.

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