



Sales Tax Revenue for Norfolk

The August sales tax revenue for Norfolk was approximately \$2.3 million, a decrease of 12.5 percent from August 2008 revenue. This was the second largest decrease for the month in Hampton Roads. Although, it wasn't outside of the trend seen by other cities in the region.

High unemployment and concern over the national and regional economy continue to hold back spending as the Nation begins the road to recovery.

National Retail Sales

Retail industry sales for the month of August, which exclude automobiles, gas stations and restaurants, rose 0.7 percent as compared to July, according to the National Retail Federation (NRF). This increase occurred in spite of the "cash for clunkers" program that redirected disposable income away from traditional retail. Compared to last year, retail industry sales fell 4.3 percent. Retail sales including autos, gas stations and restaurants (as reported by the U.S. Commerce Department) increased 2.7 percent (seasonally adjusted) over July and fell 5.9 percent unadjusted as compared to last year.

It is unclear at this time how the "Cash for Clunkers" program will impact future retail sales as consumers have taken on new monthly car payments, thus reducing their disposable income. However, Rosalind Wells, chief Economist of NRF, said "Shoppers were a bit more comfortable digging into their wallets last month, and retailers are hopeful that we've turned a corner. It is encouraging to see some momentum building as retailers anticipate the all-important holiday season."

Source: Virginia Department of Taxation, the U.S. Commerce Department, and the National Retail Federation. Compiled by the Office of Budget and Management.

Neighboring Localities

The second month of the new Fiscal Year (FY 2010) saw declines in each of the seven cities. Moving away from the national trend for the month, Hampton Roads saw declining consumer spending as regional unemployment and concerns related to the recession continue to weigh on consumers' minds. For the month of August, declines in tax revenue growth ranged from -4.2 percent (Suffolk) to -13.6 percent (Portsmouth).

As compared to other cities in the region, Suffolk is fairing well with the smallest year-to-date decline. For all of the Hampton Roads cities, this is the lowest year-to-date level since at least FY 2007. However, students returned to school later than is typical, and many families may be holding off back-to-school shopping in the hope that better deals will arise in September.

