



## Gloucester Department of Community Engagement and Public Information

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# Gloucester's Economy Proves Resilient Despite Pandemic

Gloucester County officials have been closely monitoring local economic indicators since onset of the COVID-19 pandemic and are pleased to report that, since the low point in March / April of last year, the County's economy appears to have recovered well so far (relative to many other communities in Hampton Roads and across the Commonwealth) despite ongoing pandemic related challenges. The County's unemployment rate has come down to 3.8 percent – less than half the number in May, and year-to-date excise (meals, sales and lodging) tax revenues show 9.3 percent growth over the same reporting period last year, with steady month-to-month trends. Meanwhile, Gloucester's Real Estate and Personal Property Tax on-time payment rate remains steady, with current fiscal year Real Estate tax collections lagging less than half of a percentage point versus multi-year high points realized in the prior fiscal year.

### Unemployment Rate

Gloucester's unemployment rate decreased more than 50-percent from May to November, according to recent numbers provided by the Virginia Employment Commission (VEC), overall showing a very sharp decline since hitting a high of 10.2 percent in April of last year, at the beginning of the COVID-19 pandemic.

"This is very positive for Gloucester," said Sherry Spring, the County's Economic Development Director. "It's a testimony to the diligent efforts of our local leadership and organizations that have been key players in getting our residents connected with meaningful job opportunities."

According to the numbers provided by the VEC, the number of unemployed residents in May of 2020 was 1,485, at a rate of 7.8 percent. By November, that number had dropped to 724 people unemployed, at a rate of 3.8 percent. This is below the state's November 2020 Unemployment Rate, which was 4.6 percent, and well below the regional Hampton Roads Unemployment Rate for that same month, which came in at 5.2 percent.

“We are fortunate to have a strong and resilient workforce in Gloucester County,” said Dr. Robert “JJ” Orth, Chairman of the Gloucester County Board of Supervisors. “Our Board has long been committed to supporting business growth in the community. I feel like these numbers attest to the fact that we are making great progress in attracting employers to our area and retaining and growing existing employers – despite the challenges that 2020 and 2021 so far have brought us.”

In 2020, The Gloucester County Board of Supervisors appropriated more than \$1,000,000 of Federal CARES Act monies to assist Gloucester businesses adversely impacted by the pandemic. The funding went to the “Back to Business Gloucester” grant program, which was designed to facilitate reimbursement of costs incurred by local businesses as they made investments to change their operating practices in response to the pandemic. As part of this local business support initiative the Board of Supervisors allocated special funding for a Rent and Mortgage Relief Program to help aid businesses that were facing foreclosure or eviction due to the financial impacts of COVID-19. A similar Rent and Mortgage Relief program was established for residents.

In May 2020, Gloucester’s Economic Development Authority also funded a gift certificate initiative to benefit independently owned, local small business owners and the public. The program, implemented by the Gloucester Chamber of Commerce, allowed patrons to purchase gift certificates at a participating local businesses and the EDA added 25 percent to the purchase, giving local businesses instant cash flow during a time when it was desperately needed, while also benefiting the consumer with enhanced buying power.

Gloucester’s Economic Development Department continues to offer an extensive array of information and services that are designed to assist businesses during this time. For more information on the Department and available resources, visit <https://www.gloucesterva.info/1190/Economic-Development>.

### **Local Excise Tax Revenues**

Five months into fiscal year 2021, Gloucester County has already received 56 percent of budgeted fiscal year revenues from the combination of local excise (sales, meals and lodging) taxes, noting that such revenues were budgeted assuming a sharp pandemic related decline, with the County suspending capital improvements so that fund balance could be used to fill the anticipated gap. These fiscal-year-to-date revenues, when compared to last fiscal year’s revenue budget (unaffected by COVID-19) represent 48 percent of what would have been expected for the full (prior) fiscal year, well outpacing prior fiscal year projections. Setting COVID-19 budgeting impacts aside, excise tax revenues show a (normalized) 9.3 percent growth over prior fiscal year.

Sales Tax receipts through November 2020 show that the County has already received 59 percent of its (COVID-19 modified) revenue budget for the current fiscal year. These fiscal-year-to-date revenues, when compared to last fiscal year’s revenue budget (unaffected by COVID-19) represent 51% of what would have been expected for the full (prior) fiscal year, leading the trend among the other excise taxes. So far, five months into the fiscal year, Gloucester County has received \$2.4 million in Sales Tax revenue compared to \$2.17 million during the same time period last fiscal year – a (normalized) 10.6% increase.

As far as the Meals Tax is concerned, fiscal year-to-date revenues remain stable when compared to prior fiscal year, with just under 1 percent growth.

“With retail being Gloucester’s primary industry, these numbers demonstrate that the local economy is strong and has demonstrated substantial resilience despite the challenges that have been endured over the past ten months,” said Brent Fedors, Gloucester’s County Administrator. “I firmly believe that if we continue to do the right thing and follow safe practices to see us through the final stretch of this global pandemic, we will be seeing an even stronger, more resilient local economy in the years ahead.”

### **Local Property Tax Collection Rates**

Gloucester’s Real Estate Tax collections are relatively stable when compared to what they were prior to the pandemic. The first-installment Real Estate Tax collection rate is reported at 97.86 percent compared to 98.16 percent at this point in fiscal year 2020 (a 0.30 percentage point difference), and the second installment collection rate is reported at 95.05 percent versus 95.59 percent at this point in the prior fiscal year (a 0.56 percentage point difference).

Finally, Personal Property Tax collections rates are down 1.94 percentage points and 2.75 percentage points for first and second installments (respectively), with declines likely attributed to delays on DMV registration hold processing associated with the County’s conversion to new Tax and Receipting software over the past 12 months – such delays not anticipated to recur in future years.

Both collection rates for the fiscal year are considered within normal limits, with prior fiscal year (fiscal year 2020) being reported as one of the best years in recent history.

### **Summary**

Fedors acknowledged that “while local government tax revenues are not in-and-of-themselves direct indicators of a healthy local economy, they are lagging, indirect indicators of business receipts (on which excise taxes are based), consumer confidence, and the community’s capability to spend, invest, and meet its financial obligations.” Fedors went on to say that “as the trends we’ve been monitoring also show low volatility over time, confidence in the sustainability of local economic health increases substantially – especially when coupled with a normalizing unemployment rate.”

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