



Gross Receipts Tax Gains Point to Economic Recovery

Mayor Expresses “Cautious Optimism”

MAY 12 -- According to a Finance Department memo issued last Friday (May 7), the City’s economic recovery from the pandemic shows signs of approaching liftoff. Monthly taxable gross receipts this February were up 9.1 percent over last February—which was right before the shutdown of much of the economy in March, 2020. Furthermore, receipts exceeded those from February, 2019, by 4.4 percent.

“This is the first time we’ve gone in a positive direction since January of 2020,” says Assistant Finance Director Alexis Lotero.

“It’s a real positive report,” says its author, Investment Officer Brad Fluetsch, citing a 17.9 percent (\$12 million) increase in Retail Trade, which is the largest single contributing sector, providing 30 percent of taxable gross receipts. Additionally, Construction was up \$7.3 million, Wholesale Trade up \$4.3 million, and Professional Scientific and Technical Services up \$4.3 million.

Those gains moved the needle into positive territory despite declines in other important sectors that as of February had not yet begun to rebound, like Accommodation and Food Services (down 33 percent). Fluetsch expects that the Gross Receipts Tax reports for March and April, which come out two months after the reporting period, will show even more gains because of federal stimulus checks to individuals and the re-openings that occurred as a result of improved COVID risk status.

“The more our vaccination rates improve, the more attractive we become as a destination,” Fluetsch says, underlining the importance of tourism, the arts, and entertainment to the economy.

Looking ahead, the City expects further increases in tax revenues from internet sales and the comeback of the film and TV industry. Add to that the arrival of federal aid that has already been promised, anticipated infrastructure spending, and relief for businesses that have been harmed by the pandemic, and you understand Mayor

Webber’s expression of “cautious optimism” that a robust recovery may be right around the corner.

“The forecasts in our [FY22] budget were predicated on a recovery, and this data gives us confidence that we’re on the right track,” says the Mayor. “It’s good news—but we’re not out of the woods yet.”

The county has reported some alarmingly high daily COVID-19 case rates recently, and there’s still a threat of invasion by variant strains of the coronavirus. The Mayor’s core messages remain—maintain COVID-safe practices and shop local.

Read the GRT memo [here](#).