

COUNTY OF YORK

MEMORANDUM

DATE: May 1, 2020
TO: York County Board of Supervisors
FROM: Neil A. Morgan, County Administrator
SUBJECT: Economic Development Update



I wanted to share with you that the Economic Development Authority (EDA), at their meeting on April 28th, acted to establish a COVID 19 Business Recovery Task Force. Leslie Schultz (Henderson Construction) and John Biagas (Bay Electric) volunteered to serve as Cochairmen of the task force.

The task force membership and specific scope of work are still in a nascent stage, but the EDA members did note that they wanted to recruit members that would represent the County business sectors impacted the most by the pandemic. Additionally, they will be reaching out to all three Chambers of Commerce that represent York County, to provide representation on the task force. One of the first action items will be soliciting input from the business community regarding their most pressing needs. The EDA Cochairmen will be meeting with Office of Economic Development staff next week to identify potential task force members, discuss initial steps, and establish a date for the first virtual meeting.

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COUNTY OF YORK

MEMORANDUM

DATE: April 27, 2020
TO: York County Board of Supervisors
FROM: Neil A. Morgan, County Administrator 
SUBJECT: Fenton Mill Development

The Developer from the Fenton Mill project has asked the County staff to share the attached information with the Board. A website for the project has been created and may be accessed at <https://fentonmillliving.com/>. A post card is included with this memo and it will be sent to the neighbors this week by the Developer. The development is scheduled to be heard before the Planning Commission this summer by which time we hope normal citizen comment processes will be possible.

NAM:hls



WELCOME TO
FENTON MILL

A Proposed New Master Planned Community in York County

Visit us online for community details - FentonMillLiving.com



CREATE YOUR BEST LIFE

The development team of Fenton Mill has designed a New Master Planned Community on 370 acres just off I-64 in York County. This enriched, unique community is eco-friendly and features extensive green space, active and passive recreational activities, a mix of distinctive home designs, and neighborhood retail.

For more information about the upcoming rezoning of Fenton Mill and to connect with the developers of the community with any questions you may have - please visit us online.

FentonMillLiving.com

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All renderings, specification and content is subject to change during our rezoning and are for illustrative purposes only. All Rights Reserved. Non-Discriminatory Policy: Fenton Mill Associates, LLC does not and shall not discriminate on the basis of race, color, religion (creed), gender expression, age, national origin (ancestry), disability, marital status, sexual orientation, or military status, in any of its activities or operations.



Fenton Mill is a place that has been thoughtfully designed to allow our residents to create a life that they have always dreamed of.

FENTON MILL
110 Mid-Atlantic Place
Yorktown, VA 23693

COUNTY OF YORK

MEMORANDUM

DATE: April 30, 2020
TO: York County Board of Supervisors
FROM: Neil A. Morgan, County Administrator
SUBJECT: Internet Sales Tax and the Coronavirus



While updating you on the potential revenue impacts of the Coronavirus at the April 21, 2020 Board of Supervisors' meeting, I received a question related to understanding the mechanics of the internet sales tax process as it relates to whether York County is receiving its fair share for purchases delivered to our residents' homes. At that time, I provided a brief update and suggested that staff would follow up with a more detailed memo.

First let's start with a quick look at the history of sales tax collections. For many decades sales tax collections were directly related to the physical location of each business. In some cases, the property where the business was situated might overlap more than one county or city. In those cases, the sales taxes were assigned to the community where the business's cash register was located. This was complicated at times because, for example, a restaurant's cash register might be in one community and the bar's cash register might be in another community resulting in the sales taxes for one business being split. However, overall the methodology was fairly straightforward. Internet sales quickly changed that long-standing practice of physical locations with the first law passed to start collecting internet sales in 2002, and by 2011 the first version of the Marketplace Fairness Act was drafted. After years of deliberations, in June 2018, the decision for which states and local governments had been lobbying occurred resulting in requiring online businesses to submit sales taxes to the states. This also leveled the playing field for brick and mortar businesses that had for many years voiced their concerns about internet businesses having the economic advantage, as many internet businesses were not adding sales tax to purchases resulting in their products costing less.

The history of the internet sales tax and how it has translated into the state's processes for sending the taxes to the specific localities is quite interesting. In the early days when sales taxes were based on physical location, the business's mailing address provided the source for direct distributions to the communities. However, this method was complicated by the fact that throughout the state there are a few examples of one post office zip code serving multiple communities. In our case, the Williamsburg zip code serves not only Williamsburg but also York County and James City County. Over the years, there have been numerous examples of our revenues going to the other two communities and York receiving their revenues. The most common error has been the default to Williamsburg receiving our revenues due simply to the Williamsburg address.

This is a constant issue requiring that the Commissioner of the Revenue's staff review each business every month and notify the state of errors. Fortunately, the Commissioner of the Revenue Offices for the three localities work very closely together and have a process to report when one of their businesses has been recorded in another community or when they haven't received revenues for a specific business within their community which results in sales tax credits passing back and forth between the communities.

In the early years following the introduction of internet sales, business programs simply were not sophisticated enough to capture the localities within a state accurately and, as mentioned earlier, many companies did not collect or remit sales taxes to the states. The state captures the monthly distribution of unassigned internet sales tax and allocates those revenues back to the communities based on a formula related to the prior years' sales tax collections. In recent years, the software programs used by the major internet businesses, such as Amazon or Wayfair, have become more sophisticated and many have moved to GIS based programs for delivery as well as reporting locality sales taxes.

Even with the enhanced software which has resulted in more accurate sales tax distributions to the localities, many of the smaller businesses still use manual zip code reporting, as the investment in GIS based systems is impractical at the current stage of technology. The result is that we know York County does not receive all of the internet sales tax that has been generated by our residents, especially those internet sales related to purchases from the Williamsburg area of the County. While we have no mechanism to capture the revenues or even know how much is lost, our Commissioner of the Revenue's staff has done an outstanding job analyzing the monthly sales tax trends by business categories for the three localities. Interestingly in the winter months when less tourism related sales tax occurs and many of our residents shop from home, Williamsburg receives a higher portion of internet sales tax per population count than James City County and York County in specific categories which confirms what we suspect, that Williamsburg benefits from the inability to capture non-GIS based revenues. For example, Williamsburg receives more online pet supplies than the other two communities. This will, of course, be a concern as we anticipate the impact of internet sales during the Coronavirus stock-up months, as York is likely to lose revenues to Williamsburg. However, on a positive note, the revenues Williamsburg will receive will help our neighboring community which is positive for our region.

Coronavirus' Impact on Internet Sales:

In late February and early March as citizens across the country started to hear about the potential impacts of the Coronavirus as it relates to the possibility of stay-at-home orders, business shutdowns and supply chain disruptions, many people rushed to stores stocking up on food and supplies in anticipation of sheltering in their homes for an unknown prolonged period of time. I believe we all were inundated with news' reports that major grocery and big box stores were experiencing sales that were triple or quadruple that of a

typical month and some even referred to the spending as that of Christmas level buying. As the initial wave of bricks and mortar store sales started to pass, many people turned to internet sales as a way to safeguard their families by avoiding physically being in stores resulting in internet sales increasing substantially. Additionally, many products typically available in grocery stores disappeared from shelves but were available from on-line providers and with consumers continuing to stock up as the fear of shortages grew, internet sales grew significantly during April. While it is too soon to know what May and June will bring, it is anticipated that shortly those who stocked up may gain a comfort level and begin using their supplies thereby diminishing the temporary gains realized from the earlier spending. In addition, with the majority of our citizens staying closer to home and with the uncertainty related to the economy, we have started to see nonessential purchases drop. For example, new car sales for the period of March 23, 2020 to April 20, 2020 dropped 57% as compared to the same period in 2019. How significant the sales tax drop will be is not known at this time, as the March sales tax revenues will not be received from the state until mid-May.

As I mentioned in our first monthly update of the Revenue Forecasting Impacts of the Coronavirus in March 2020, York County formed a team comprised of the offices of County Administration, Commissioner of the Revenue, Treasurer and Finance, to increase tracking and analysis of the revenues and cashflows. This team is also monitoring the unprecedented emergency actions of the Federal Government which creates a higher level of uncertainty relative to our local revenues. The team is closely monitoring sales taxes and internet sales, and we will be providing updates on this matter in the monthly reports.

McGettigan/3737

Copy to: Vivian McGettigan, Deputy County Administrator
Ann Thomas, Commissioner of Revenues
Candice Kelley, Treasurer
Theresa Owens, Finance Director