July 14, 2020

Mayor and Council and Department Heads
(Council blind copied to comply with the Open Meetings Act)

Councilman Ruckriegel had requested information about the economic impact of the COVID-19 Pandemic based on our revenue losses.

COVID-19 Economic Impact

Based on revenues received through June 30, 2020, the following is a brief overview of the economic impact so far on the City of Peoria as a result of the pandemic:

• Since the start of the pandemic in March the City has experienced an approximate 25% reduction in sales tax through the end of April. May sales tax figures will not be available until August but according to the Commission on Government Forecasting and Accountability it is anticipated that May will reflect a 23% reduction over the 2019 May results. This represents nearly a $1.6 million decrease in sales tax for the 2 ½ month period. This represents a decrease in gross sales for the City of nearly $160 million dollars.
• The City’s Hotel, Restaurant and Amusement tax has experienced an approximate 50% for April and May resulting in a decrease in taxes of nearly $1.3 million dollars. 45% of the decrease in taxes is related to restaurant sales of $29.4 million. 37% of the decrease is related to Hotel sales of $6.1M and a decrease of 18% in Amusement sales of $6 million.
• The City’s Personal Property Replacement Tax is anticipated to decline over the next year nearly $1.5 million reflecting a state decrease in corporate revenues as well as a projected decrease in income tax of $1 million. According to the Commission on Government Forecasting and Accountability, net income taxes for the SFY21 will be $2.0 billion less than anticipated. It is difficult to extrapolate the local economic impact of this income loss.
• The County Assessor is projecting a 2.5% decrease in Equalized Assessed Valuation for 2020 or approximately $150.7 million dollar decrease in fair market value for properties within the City of Peoria. This would equate to an approximate decrease in property taxes of $500 thousand.
• The City of Peoria unemployment rate for May was 17%.

Based on the above observations, the total impact to the City of Peoria based on economic multiplier of 2 would be the loss $360 million of revenue to the Peoria community.

Should you have any questions, do not hesitate to contact me

Patrick Urich