

## Faulkner County's Billion Dollar Retail Market

By Roger Lewis

Faulkner County's annual retail sales are approximately \$1.5 billion and 80 percent of that (\$1.2 billion) occurs in Conway. Conway is the trade center for the county and is becoming the trade center for the North Central Arkansas region. As retail options expand, the draw area will widen.

I have only anecdotal data, but fewer Faulkner County residents are traveling to Little Rock to shop and people come from as far as Russellville and Clinton to shop here. They no longer bypass Conway and head south.

I was in the Conway Staples recently to buy an advertised special for an optical mouse. The lady in front of me picked up the last three – she wanted them for her classroom. She said she drove from Russellville to get these and that the Staples in Russellville is smaller and received only a limited stock of the items.

The new Cinemark Towne Theater is going to draw from a wide area and have a positive impact on restaurant and retail sales. Wide screens, 3-D projection, stadium seating and latest digital technology attract a crowd that heretofore was served in the Little Rock Area. This is a great addition to our community.

Both Conway and Faulkner County have local sales taxes by which out-of-town shoppers contribute to local government revenues. Also, one half of the revenue from a 2 percent advertising and promotion tax on food and lodging supports our local parks and recreation.

Retail sales data is derived from local sales tax collections -- 0.5 percent for Faulkner County and 1.75 percent for Conway. The tax is collected by the state and distributed back to the various local agencies. Unfortunately, this process takes about a three-month period. Sales taxes collected by vendors in September are paid to the state in October and not distributed to local governments until December. Therefore, the latest data available is for September 2010 sales.

The recession has had some affect on retail sales. The \$1.5 billion annual sales figure has not changed much for the past three years. We are fortunate, as retail sales have plummeted in many places. The \$1.5 billion figure is understated somewhat in that local sales tax on automobiles is limited to \$2,500 of the sale. If the full value of the automobile sales were factored in, the total retail sales would be near \$2 billion.

There are three months left in the year for sales tax reporting, and a brisk Christmas season could boost the annual sales figure. Many retailers depend on the Christmas season for a profitable year. Black Friday (the Friday after Thanksgiving) is regarded as the highest sales day of the year. This day is a demarcation for a profitable year for many businesses – it is when their profit becomes in the black.

There is now Cyber Monday (the Monday after Black Friday) and its internet sales promotions. Cyber sales are taxable at the local sales tax rate if the company has a facility in Arkansas. Purchases through the internet from Walmart, Target, Dillards, JC Penney and many others are included in the data. Purchases from vendors who are strictly internet vendors with no presence in Arkansas are not required to collect sales taxes. There has been an effort at the national level to change this. Though the state and local governments receive sales tax revenue from internet sales, it does nothing for the local economy other than the tax revenue.

From what I have read in the news, national sales are up over last year. Same-store sales for 31 retail chains are up about 5.8 percent for November over last year. November automobile sales were strong, with double digit increases for most major brands. The year-to-date sales percentage increase through November over the same period for 2009 for all brands is 16.9 percent. For the five major brands the percentage is as follows: Ford (24.3 percent), American Honda (21.1 percent), Chrysler (16.7 percent), General Motors (12.2 percent) and Toyota USA (-3.3 percent). The percentage increase for all this bodes well for the local and national economy.

The strong retail economy for the area is a result of low unemployment rates for Faulkner County (6.7 percent) and Conway (5.7 percent) which are well below the national (9.6 percent) and state (7.8 percent) rates.

More information on restaurant sales including individual restaurants can be found at Pulse of Conway: [www.pulseofconway.com](http://www.pulseofconway.com).