



May 2016

# FISCAL NOTES

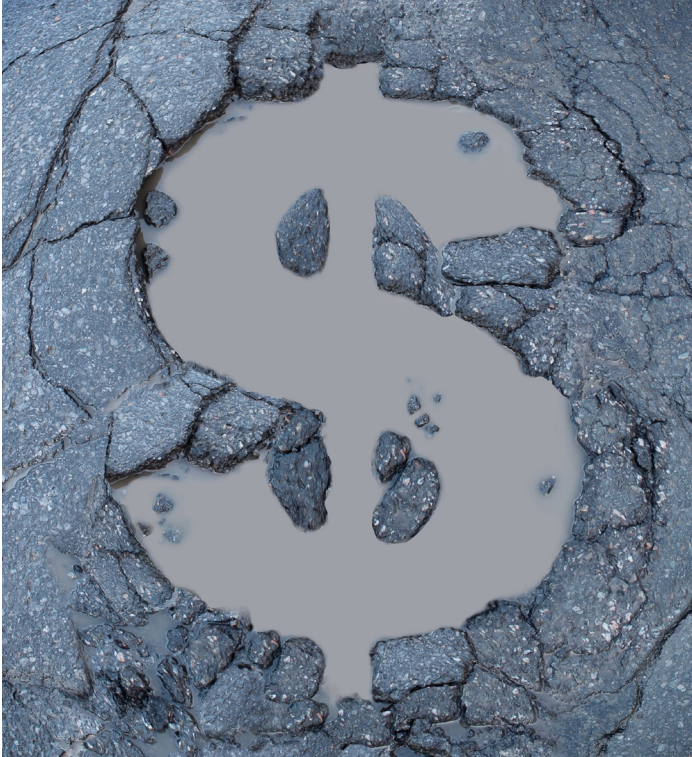
ALSO INSIDE THIS ISSUE:

TEXAS LOCAL SALES TAXES, PART 1 **6**

STATE REVENUE WATCH **11**

## Texas Road Finance, Part I By Ginger Lowry and TJ Costello

### PAYING FOR HIGHWAYS AND BYWAYS



Texas' highway network, the nation's largest, is the backbone of its economy. Our economic growth depends in large part on the efficiency, reliability and safety of our highways and transportation systems, which support individual mobility needs as well as commerce and industry.

But our roads face challenges from population growth, deteriorating infrastructure and rapidly rising road construction costs.

Texas led the nation in job creation between 2010 and 2015, and projections by the Texas State Data Center indicate the state's population may increase to more than 45 million by 2040. By then, according to the Texas Department of Transportation (TxDOT), Texas' annual truck freight tonnage is expected to more than double from its 2014 level.

It's clear that maintaining the state's economic momentum will require major improvements in our transportation infrastructure.

### TXDOT AND TEXAS ROADS

The Federal Aid to Roads Act of 1916, the nation's first law providing federal funding for road construction, prompted the states to create agencies to administer these funds. Texas established its Highway Department in 1917. By 1925, the agency had been given full control of the design, engineering, construction and maintenance of the state's highways, including the right to acquire land and rights of way for highway construction through eminent domain.

The agency has undergone various changes to its name and responsibilities over the decades. Its present-day iteration was born in 1991, when the Highway Department became TxDOT, incorporating the previous State Department of Highways and Public Transportation, Department of Aviation and Texas Motor Vehicle Commission.

Today's Texas highway network, maintained by TxDOT, includes nearly 73,000 centerline miles and more than 180,100 lane miles of paved interstate highways, U.S. highways, state highways, loops, business routes, farm- or ranch-to-market roads, spurs and park roads, among others.

By 2040, TxDOT projects that motorists will drive 800 million vehicle miles *daily*, compared to about 455 million miles a day in 2014 (**Exhibit 1**).

CONTINUED ON PAGE 3

#### EXHIBIT 1

#### STATE-MAINTAINED ROADS AND HIGHWAYS IN TEXAS, 2014

CLASSIFICATION	NUMBER OF CENTERLINE MILES	NUMBER OF LANE MILES	DAILY VEHICLE MILES TRAVELED
Interstate Highways	3,417	16,376	167,083,705
U.S. Highways	11,905	35,326	104,644,771
State Highways, Spurs, Loops, Business Routes	16,390	42,726	112,992,589
Farm- or Ranch-to-Market Roads	40,910	84,925	69,154,237
Park Roads	348	771	706,312
<b>TOTAL</b>	<b>72,970</b>	<b>180,124</b>	<b>454,581,615</b>

Source: Texas Department of Transportation

# A Message from the Comptroller

Texas is home to the nation's largest road network — 73,000 miles of it. But the state's growth is putting unprecedented strain on our highways and farm-to-markets, causing traffic delays and pushing an aging infrastructure to its limits.



In this issue of *Fiscal Notes*, we take a look at how Texas funds its roadways. Additional revenues recently approved by voters will help us build new projects and address some urgently needed repairs, but the state still faces a considerable challenge in ensuring safe and reliable roadways for a never-ending flow of new Texans. Even keeping our traffic flowing as well as it does today will require a considerable financial commitment.

We also feature another of our tax profiles, this one focusing on local sales taxes. More than 1,500 Texas cities, counties, transit authorities and special-purpose districts rely on sales and use taxes to provide an array of vital services.

It's a complex tangle of overlapping jurisdictions. Some Texans are paying the tax to three or more separate local entities as well as the state whenever they buy a new shirt or a lamp. My office administers the entire system, ensuring that each government gets its fair share.

As always, I hope you enjoy this issue!

**GLENN HEGAR**

Texas Comptroller of Public Accounts

## REGIONAL SNAPSHOT: SOUTHEAST REGION

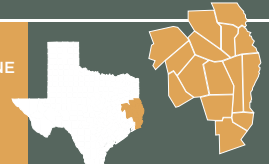
As the state's chief financial officer, I'm charged with monitoring the state's economic health. Therefore, it's vitally important that my office studies factors related to our regional economies.

The 15 counties comprising the Southeast Region cover the eastern portion of the state bordering Louisiana and the Gulf Coast.

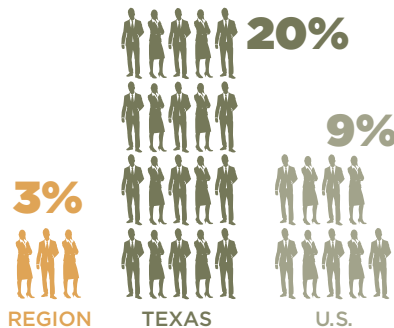
**-GLENN HEGAR**  
Texas Comptroller of Public Accounts

### SOUTHEAST REGION COUNTIES:

ANGELINA	NACOGDOCHES	SAN AUGUSTINE
HARDIN	NEWTON	SAN JACINTO
HOUSTON	ORANGE	SHELBY
JASPER	POLK	TRINITY
JEFFERSON	SABINE	TYLER

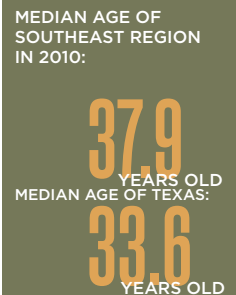


### POPULATION GROWTH



Source: U.S. Bureau of Economic Analysis

### SOUTHEAST REGION VS. TEXAS AND U.S. / 2003-2013

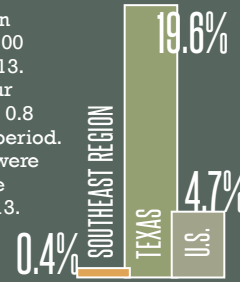


Source: U.S. Census Bureau

### JOBS & WAGES

### JOB GROWTH 2003-2013

The Southeast Region added more than 1,100 jobs from 2003 to 2013. Beaumont-Port Arthur employment rose by 0.8 percent during this period. The region's wages were 16 percent below the Texas average in 2013.



Source: Economic Modeling Specialists Intl.

**NACOGDOCHES COUNTY IS TEXAS' LARGEST BLUEBERRY PRODUCER.**

Source: Nacogdoches Economic Development Corporation

### PER CAPITA PERSONAL INCOME GROWTH 2003-2013

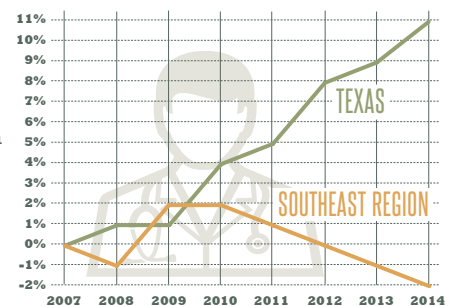


Sources: U.S. Bureau of Economic Analysis and Texas Comptroller of Public Accounts

### HEALTH CARE ACCESS

Demand for health care tends to increase with age, and the Southeast Region's median age is 4.3 years older than the rest of Texas. The region will require a steady supply of health care professionals, yet the number of physicians (per 100,000 residents) in the region has decreased 2 percent since 2007.

### PERCENTAGE OF PHYSICIANS PER 100,000 RESIDENTS (INDEXED TO 2007)



Sources: Texas Medical Board, Texas Department of State Health Services, and Texas Comptroller of Public Accounts

FOR A COMPLETE LIST OF REGIONAL SNAPSHOTS, VISIT: [TEXASAHEAD.ORG/REGIONALRPTS](http://TEXASAHEAD.ORG/REGIONALRPTS)

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## ROUGH ROAD AHEAD?

Despite its vast extent, Texas' transportation network is struggling to serve the state's growing population and business community.

According to TxDOT, drivers in Texas' largest metropolitan areas averaged about 52 hours stuck in traffic in 2015. Such delays are only expected to increase, threatening economic activity as well as air quality. Today's congestion is likely to become tomorrow's gridlock.

Meanwhile, many Texas bridges, roads and highways are showing their age.

Recent studies show our roads need extensive maintenance and enhanced safety features. The American Society of Civil Engineering considers at least 38 percent of Texas' major roads to be in poor or fair condition.

Texas has about 53,000 bridges, more than any other state. Of these, the Federal Highway Administration rated nearly 19 percent as either

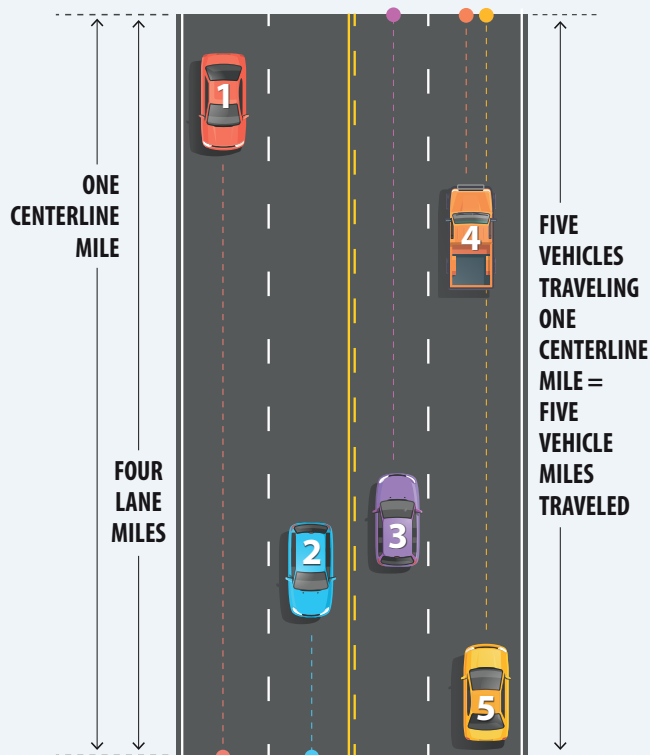
**The American Society of Civil Engineering considers at least 38 percent of Texas' major roads to be in poor or fair condition.**

"structurally deficient" or "functionally obsolete" in 2015. A bridge is considered structurally deficient if any of its major components are significantly deteriorated. Functionally obsolete bridges no longer meet current highway design standards, often because of narrow lanes, inadequate clearances or poor alignment.

Between 2009 and 2013, 15,865 people were killed in traffic crashes in Texas, an average of 3,173 per year. Texas' 2015 traffic fatality rate of 1.39 fatalities per 100 million vehicle miles traveled ranked considerably above the national rate of 1.09. Of course, many of these deaths weren't related, directly or indirectly, to road conditions — driving while intoxicated remains the biggest cause of fatal car accidents by far — but highway improvements do help reduce the incidence of crashes, while improving traffic flow.

## MILES AND MILES

The two most common measures of highway *length* are centerline miles and lane miles. Centerline miles comprise the total length of a road or road segment; lane miles are determined by multiplying centerline miles by the road's number of lanes. Another measure, vehicle miles traveled, estimates *road usage*. Vehicle miles traveled are calculated by multiplying the average daily amount of traffic on a road or road segment by its length in centerline miles.



## MOST CONGESTED

The section of I-35 between SH 71 and U.S. 290N in Austin topped TxDOT's 2015 rankings of the state's most congested roadways, ahead of the previous year's first-ranked I-610 West Loop in Houston. The Texas A&M Transportation Institute's annual report of the 100 most congested roadways in Texas ranked I-35 first and Houston's I-610 second. Parts of U.S. 59 in Houston and I-35E in Dallas filled out the list's top five.

## WHERE THE MONEY COMES FROM

Most federal and state road funding across the nation comes from taxes on motor fuels as well as general sales taxes and other levies.

Federal taxes go to the federal Highway Trust Fund (HTF), which supports highway and mass transit programs and projects, formula-based state grants and other programs identified by Congress.

Funding for Texas' State Highway Fund (SHF) — almost \$21 billion for the state's 2016-2017 biennium — comes from several sources, the largest by far being the federal government, which supplies just under half of Texas highway revenue (**Exhibit 2**). The state's motor fuels taxes and auto registration fees account for the bulk of state revenue.

Prior to recent actions by the Texas Legislature, however, these traditional funding sources for

CONTINUED ON PAGE 4

EXHIBIT 2

**SOURCES OF STATE HIGHWAY FUND REVENUE ESTIMATES FOR FISCAL 2016 AND 2017**

(Amounts in \$ Thousands)

STATE REVENUE	FISCAL 2016	FISCAL 2017
Motor Fuels Taxes Allocations	2,558,220	2,600,847
Motor Vehicle Registration Fees	1,419,568	1,455,057
Severance Taxes Allocations	1,134,668	594,182
Other Revenue*	202,021	193,924
Supplies/Equipment/Services — Federal/Other	184,434	160,000
Special Vehicle Permit Fees	101,232	101,232
Motor Fuel Lubricants Sales Tax	44,500	44,900
Interest on State Deposits/Investments, General Non-Program	21,946	16,048
Sales of Publications/Advertising	6,600	6,600
<b>TOTAL STATE REVENUE</b>	<b>\$5,673,189</b>	<b>\$5,172,790</b>
<b>FEDERAL INCOME</b>		
Federal Receipts Matched — Transportation Programs	\$5,206,283	\$4,770,002
Federal Receipts Not Matched — Other Programs	21,705	21,705
<b>TOTAL FEDERAL INCOME</b>	<b>\$5,227,988</b>	<b>\$4,791,707</b>
<b>TOTAL STATE HIGHWAY FUND REVENUE</b>	<b>\$10,901,177</b>	<b>\$9,964,497</b>

\*Other revenue includes reimbursements and other miscellaneous fees, charges and revenues.

Source: Texas Comptroller of Public Accounts

transportation projects were being strained to the limit, and not only because of population and general economic growth.

The recent oil and gas boom in shale formations, for instance, pushed thousands of heavy trucks on rural Texas roads not designed for such traffic. While the boom has subsided, the damage to overstressed roads remains.

Furthermore, the cost of road construction has risen much faster than the general inflation rate, meaning our transportation dollars simply don't go as far. In 2014, TxDOT reported that construction costs had risen by 80 percent since 2002, compared to a cumulative general inflation rate of about 32 percent.

Finally, the significant increase in automotive fuel efficiency in recent years, prompted by new technologies and stiffer federal standards, has had positive effects on individual wallets but negative ones on motor fuels taxes. Texas and U.S. motor fuels taxes are based on volume — so many cents per gallon. When fuel efficiency increases, the associated tax revenues decline.

**NEW REVENUE FOR ROADS**

Recognizing Texas' chronic need for additional highway funding, recent legislative sessions have added major new funding for transportation projects.

In 2013, for instance, the Legislature appropriated \$225 million in extra funding for the repair and maintenance of county roads and bridges affected by the shale energy boom, and another \$225 million for other county transportation projects.

In November 2014, 80 percent of Texas voters approved Proposition 1, an amendment to the Texas Constitution directing more funds to transportation. The state's Economic Stabilization Fund (its "Rainy Day Fund") receives 75 percent of the state's oil and gas production tax revenue in excess of fiscal 1987 revenues. Proposition 1 now redirects up to half of this amount for highways, based on the decisions of the committee of legislators that guide the ESF.

Under Proposition 1, \$1.7 billion was deposited into the SHF in fiscal 2015 for transportation projects. In fiscal 2016, Prop 1 added an additional \$1.1 billion.

Another boost for state transportation projects came in November 2015, when voters approved another constitutional amendment, Proposition 7, which could constitute the largest increase in transportation funding in Texas history (**Exhibit 3**).

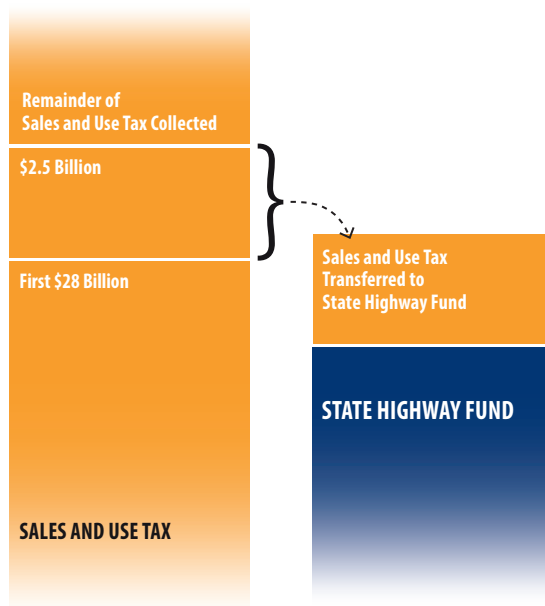
Beginning in fiscal 2018, Prop 7 directs the Comptroller's office to annually deposit to the SHF \$2.5 billion of net revenue from the state sales tax, after total sales tax receipts exceed \$28 billion. This annual transfer will expire at the end of fiscal 2032 unless a future Legislature extends it.



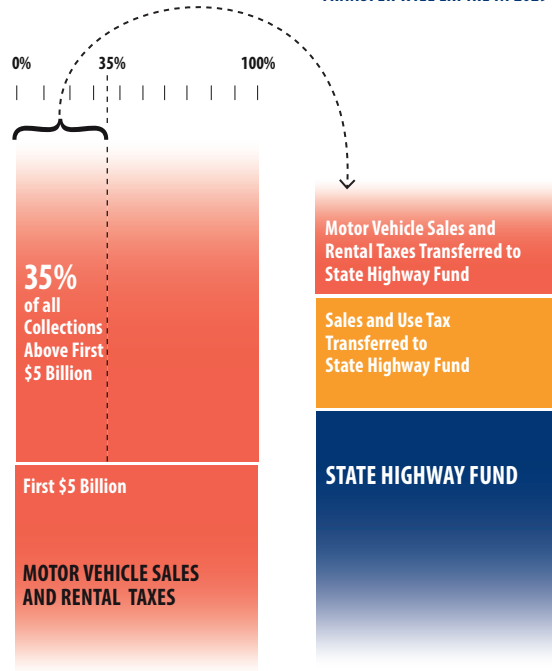
EXHIBIT 3

PROPOSITION 7: TRANSFERS TO THE STATE HIGHWAY FUND (SHF)

**STARTING FISCAL 2018** Prop 7 directs the Comptroller's office to annually deposit to the SHF \$2.5 billion of net revenue from the state sales tax, after total sales tax receipts exceed \$28 billion. **TRANSFER WILL EXPIRE IN 2032\***



**STARTING FISCAL 2020** Prop 7 directs the Comptroller to annually transfer to the SHF 35 percent of state motor vehicle sales and rental tax revenue above the first \$5 billion of such revenue collected. **TRANSFER WILL EXPIRE IN 2029\***



\*Unless a future Legislature extends it. Source: Texas Department of Transportation

In fiscal 2020, Prop 7 further directs the Comptroller to annually transfer to the SHF 35 percent of state motor vehicle sales tax revenue above the first \$5 billion of such revenue collected. In recent testimony before the Senate Finance Committee, Comptroller Glenn Hegar indicated that this provision would generate \$375 million in highway revenue in its first year. The motor vehicle sales and rental tax transfer will expire at the end of fiscal 2029, again unless lawmakers choose to extend it.

Recently, the federal government also took steps to increase funding for mobility needs. The Fixing America's Surface Transportation Act (FAST), signed into law in December 2015, will provide state and local governments with about \$305 billion in additional funding for highway and transit projects. According to the Federal Highway Administration, FAST could direct up to \$18.3 billion to Texas between 2016 and 2020.

**UNMET NEEDS**

In September 2015, TxDOT estimated that about \$60 billion is needed in the next five to 10 years for projects to improve connectivity and traffic flow in our urban areas, as well as \$20 billion for statewide connections and border-trade projects.

Texas' transportation needs are still mounting. As our roads and highways continue to age, they'll reach a point at which routine paving and maintenance are not enough to keep pavement surfaces in good condition.

In the past, various ideas proposed to increase road funding have included raising the gasoline tax or indexing it for inflation; increasing vehicle registration fees; building more toll roads; seeking local funding through transportation reinvestment zones; and creating public-private sector partnerships for road construction and improvements.

Whatever the method, Texas policymakers will have much to consider as they work to keep our surface transportation network supporting healthy economic growth.

Next month, in Part 2 of this article, we'll examine the economic impact of road construction on the state and local economies. **FN**

For more information on Texas roads and transportation projects, visit the Texas Department of Transportation at <http://txdot.gov>.

# Texas Local Sales Taxes, Part I

By John Heleman

## VITAL SERVICES FOR TWO PENNIES MORE



Some of the best things in life *aren't* free. Ask any local government.

Many of the services we tend to take for granted — police and fire protection, public libraries, weekly trash collection and bus service — come at a price, and local sales taxes pay much of the tab.

According to the Advisory Commission on Intergovernmental Relations, the first local sales taxes were enacted in New York City in 1934. Today, 38 states allow these taxes.

Nine of the 10 most populous states have authorized local sales taxes (**Exhibit 1**). Among those with local taxes, only Florida's maximum local rate is lower than Texas'. The highest local rates typically are levied in major metropolitan areas.

In Texas, local sales taxes are considered optional, in that they must be approved by voters in the area to be affected. Today, 1,544 jurisdictions across Texas levy the tax, including cities, counties, transit authorities and many special-purpose districts (SPDs).

In 2015, these entities received slightly more than \$8 billion from local sales taxes — far less than the

\$40 billion raised by local property taxes, but still an important element of local government finance.

In Texas, the total local sales tax rate in any one particular location — that is, the sum of the rates levied by all local taxing authorities — can never exceed 2 percent. For instance, if a city imposes a 1 percent sales tax and the county in which it resides levies a 0.5 percent sales tax, an emergency services district in that city could not establish a sales tax rate higher than 0.5 percent.

In many Texas metro areas, the combined local sales tax rate is at the full 2 percent allowed by law.

### LOCAL SALES TAX TYPES

Texas was relatively late in adopting local sales taxes; the Legislature first authorized a 1 percent *municipal sales tax* in 1967. Austin and El Paso adopted the tax on Jan. 1, 1968. Houston, Dallas, San Antonio and Fort Worth quickly followed suit on April 1 of the same year. At present, 1,150 Texas cities levy sales taxes.

Many *additional city sales taxes for specific purposes* were approved in the ensuing years, to support causes including economic development and municipal development corporations; sports and community venue

**In Texas, the total local sales tax rate in any one particular location — that is, the sum of the rates levied by all local taxing authorities — can never exceed 2 percent.**

EXHIBIT 1

### STATE AND LOCAL SALES TAX RATES IN THE 10 MOST POPULOUS STATES (AS OF JULY 1, 2015)

	STATE TAX RATE (%)	MAXIMUM LOCAL TAX RATE (%)	MAXIMUM COMBINED STATE & LOCAL TAX RATE (%)
Michigan	6%	No local tax	6%
Florida	6	1.5%	7.5
North Carolina	4.75	2.75	7.5
Pennsylvania	6	2	8
Ohio	5.75	2.25	8
Georgia	4	4	8
<b>TEXAS</b>	<b>6.25</b>	<b>2</b>	<b>8.25</b>
New York	4	4.875	8.875
California	7.5	2.5	10
Illinois	6.25	3.75	10

Note: The 10 most populous states comprise more than 50 percent of the U.S. population.  
Source: The Tax Foundation

EXHIBIT 2

### ADDITIONAL CITY SALES TAXES IN TEXAS BY PURPOSE

Economic development (Type A)*	220
Economic development (Type B)*	506
Municipal development	1
Property tax relief	370
Sports and community venue	10
Street maintenance and repair	218
<b>Total</b>	<b>1,325</b>

\* Texas' "Type A" and "Type B" local sales taxes support similar economic development efforts but differ in authorized uses and oversight procedures.

Source: Texas Comptroller of Public Accounts

**Municipalities were the first Texas local governments to receive local sales tax authority, and remain its biggest beneficiaries.**

projects; property tax relief; and street maintenance and repairs (**Exhibit 2**). Many cities have more than one of these additional taxes.

*Transit authority sales taxes* were authorized in the 1970s to support community transportation needs, primarily bus service. San Antonio was first out of the gate, adopting its metropolitan transit authority (MTA) tax on Jan. 1, 1978.

Today, 10 transit authorities levy local sales taxes in Texas, including six MTAs, which generally serve a city as well as its smaller neighboring communities and unincorporated areas; two city transit departments; one county transit authority; and one advanced transportation district (ATD) that serves only the city of San Antonio. Current transit authority tax rates range from 0.25 percent to 1 percent.

*Texas county sales taxes* were first authorized in 1987, when most city and transit sales taxes were already in place — and many were already at the 2 percent cap. For this reason, most county sales taxes are applied outside metropolitan areas, with the notable exception of El Paso County. At present, 123 Texas counties levy sales taxes, most at a rate of 0.5 percent. County sales tax revenue generally is earmarked by statute for property tax relief.

The newest local sales taxes are *special-purpose district sales taxes*, first levied in January 1991. Like transit taxes and additional city taxes, SPD levies are narrowly focused, generally supporting:

- health or hospital districts;
- crime control districts;
- emergency services districts (fire and/or emergency medical services);
- library districts; and
- management, municipal development, special improvement, county assistance and economic development districts.

SPD tax rates range from a low of 0.125 percent to the maximum allowable 2 percent (in rare cases in which the SPD tax is levied with no other local sales tax). In Texas, 261 SPDs levy sales taxes.

**TAX TOTALS**

The sales tax is a major revenue source for local governments across the nation, second in importance only to property taxes. In 2013 (most recent Census data available), local sales taxes across the nation generated almost \$73 billion, 12 percent of all local tax revenue. In Texas, they contributed 13 percent.

**EXHIBIT 3**

**2015 LOCAL SALES TAX ALLOCATIONS BY JURISDICTION TYPE**

(Amounts in Millions)

JURISDICTION	2015 REVENUE	SHARE OF TOTAL
Cities	\$5,238.22	65.2%
Transit Authorities	1,814.29	22.6
Counties	496.65	6.2
Special-Purpose Districts	479.95	6.0
<b>Total</b>	<b>\$8,029.11</b>	<b>100.0%</b>

Source: Texas Comptroller of Public Accounts

Municipalities were the first Texas local governments to receive local sales tax authority, and remain its biggest beneficiaries. In calendar 2015, Texas cities received more than \$5.2 billion in local sales taxes, about 65 percent of all local sales tax revenue (**Exhibit 3**).

These relative shares have stayed remarkably stable since the turn of the 21st century, except in the case of SPDs, which have more than doubled their share due to the increasing number and variety of these taxing authorities in Texas.

CONTINUED ON PAGE 8

**SPECIAL-PURPOSE DISTRICTS SUPPORT LOCAL SERVICES**



## OVERLAPPING JURISDICTIONS

Texas (along with most other states) uses a state-administered system of local sales taxation. Sellers collect both state and local taxes from customers at the time of the transaction and remit them, generally on a monthly basis, to the Comptroller's office.

After processing, the Comptroller returns local tax revenue to the appropriate jurisdictions. The taxing

jurisdictions thus avoid the tasks of collecting, accounting for, auditing, enforcing and administering their own tax systems. State administration, moreover, makes the process easier for businesses collecting the tax, giving them a single point of contact for tax payment, refunds and so forth.

State law directs the Comptroller's office to retain 2 percent of collections for deposit in Texas' General Revenue Fund to defray these costs.

EXHIBIT 4

### LOCAL SALES TAX RATES AND REVENUES IN MAJOR TEXAS METROPOLITAN AREAS, CALENDAR 2015

■ MUNICIPAL ■ MTA (METROPOLITAN TRANSIT AUTHORITY) ■ ATD (ADVANCED TRANSIT DISTRICT) ■ CRIME CONTROL SPD ■ CTD (CITY TRANSIT DEPARTMENT) ■ COUNTY



Note: Tax rates and revenues depicted are illustrative only and in no particular order. Jurisdiction revenues may not sum due to rounding.  
Source: Texas Comptroller of Public Accounts



Overlapping tax jurisdictions can make the administration of local sales taxes a complex task for retailers and the Comptroller's office. A business can be located inside two, three or more local taxing jurisdictions.

In San Antonio, for instance, a business located in the central city collects the general city sales tax, additional city taxes for venues and a municipal development corporation and taxes for two separate transit authorities (**Exhibit 4**). Similarly, Fort Worth central-

city businesses collect taxes for the city, an MTA and a crime control SPD.

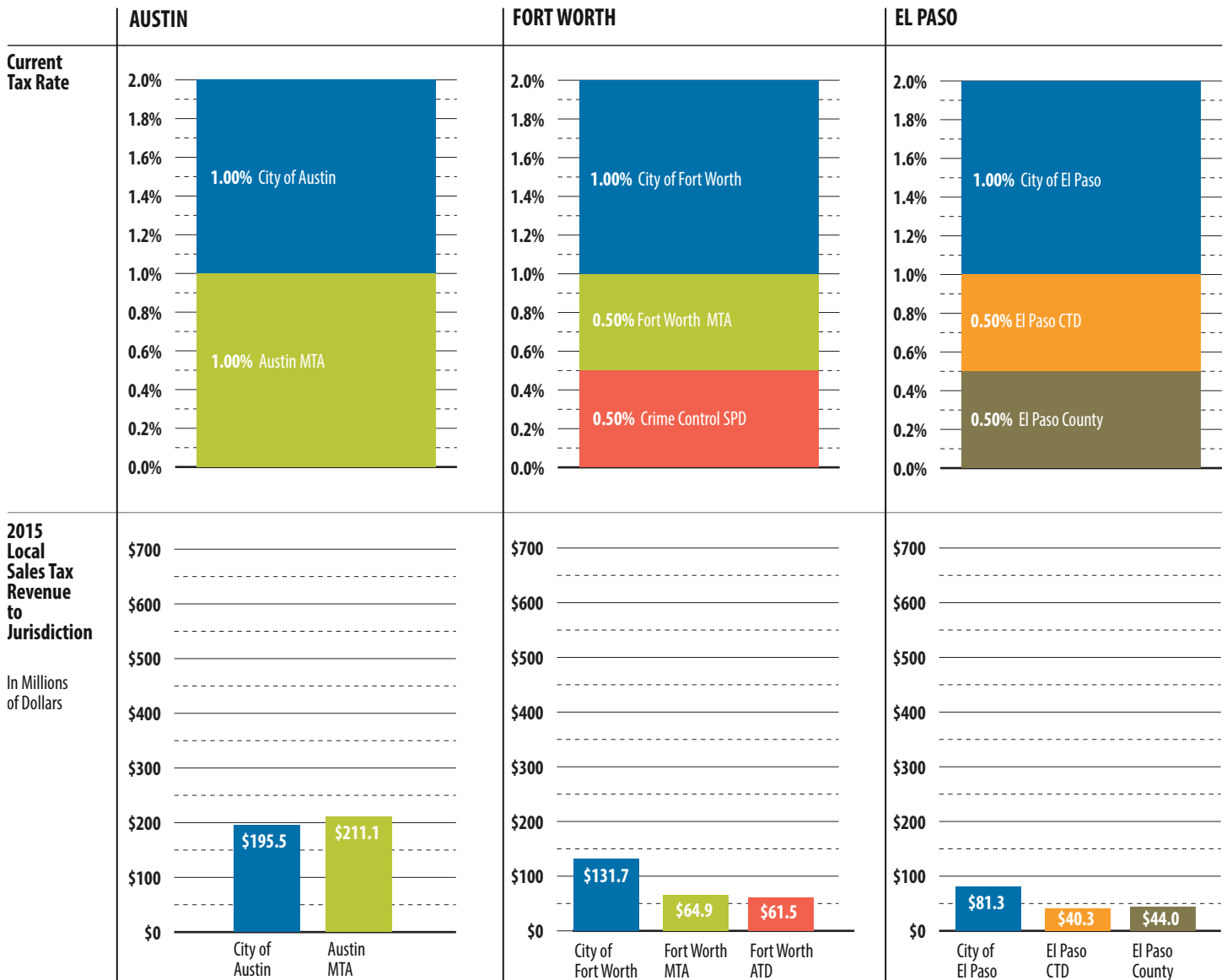
In Part 2 of this article, we'll examine some issues concerning how local sales taxes are reported, allocated and administered. **FN**

For more information on local sales taxes in Texas, visit [comptroller.texas.gov/taxinfo/local](http://comptroller.texas.gov/taxinfo/local).

EXHIBIT 4 (CONTINUED)

LOCAL SALES TAX RATES AND REVENUES IN MAJOR TEXAS METROPOLITAN AREAS, CALENDAR 2015

■ MUNICIPAL ■ MTA (METROPOLITAN TRANSIT AUTHORITY) ■ ATD (ADVANCED TRANSIT DISTRICT) ■ CRIME CONTROL SPD ■ CTD (CITY TRANSIT DEPARTMENT) ■ COUNTY



# Your Little Texan Has Big Dreams.

We have a prepaid college tuition plan that fits their dreams into your budget.

The **Texas Tuition Promise Fund**<sup>®</sup>, the state's prepaid college tuition plan, allows families to lock in tomorrow's tuition and school-wide required fees at Texas public colleges and universities at today's prices.

The plan allows you to purchase tuition units to cover all or a portion of these costs, and our flexible payment options fit almost any budget.

You may enroll in the plan at any time between **Sept. 1, 2016 and Feb. 28, 2017**. Enrollment for newborns or children less than one year old extends through **July 31**.

The easiest way to open an account is to visit **TuitionPromise.org** to download or order an enrollment kit. Or call **1-800-445-GRAD (4723)**, option #5, for more information.

## Matching Scholarships Available to Plan Enrollees

Every year, the **Texas Match The Promise Foundation**<sup>SM</sup> awards scholarships to fifth- through ninth-graders who are enrolled in the Texas Tuition Promise Fund. The scholarships will be open **Sept. 1 – Dec. 31, 2016** to eligible students. Visit **MatchThePromise.org** for more details.



**Glenn Hegar**  
Texas Comptroller of Public Accounts

Comments or complaints may be mailed to the following address or by calling the following number: Prepaid Higher Education Tuition Program, Office of the Comptroller of Public Accounts, P.O. Box 13407, Austin, Texas 78711-3407, 512-936-2064.

# State Revenue Watch

This table presents data on net state revenue collections by source. It includes most recent monthly collections, year-to-date (YTD) totals for the current fiscal year and a comparison of current YTD totals with those in the equivalent period of the previous fiscal year.

These numbers were current at press time. For the most current data as well as downloadable files, visit [TexasTransparency.org](http://TexasTransparency.org).

Note: Texas' fiscal year begins on Sept. 1 and ends on Aug. 31.

## NET STATE REVENUE — All Funds Excluding Trust

(AMOUNTS IN THOUSANDS)

### Monthly and Year-to-Date Collections: Percent Change From Previous Year

Tax Collections by Major Tax	MARCH 2016	YEAR TO DATE: TOTAL	YEAR TO DATE: CHANGE FROM PREVIOUS YEAR
<b>SALES TAX</b>	\$2,174,416	\$16,374,372	-2.56%
PERCENT CHANGE FROM MARCH 2015	2.07%		
<b>MOTOR VEHICLE SALES AND RENTAL TAXES</b>	394,866	2,694,720	1.69%
PERCENT CHANGE FROM MARCH 2015	3.02%		
<b>MOTOR FUEL TAXES</b>	281,617	2,024,481	1.96%
PERCENT CHANGE FROM MARCH 2015	8.22%		
<b>FRANCHISE TAX</b>	249,255	21,653	-112.21%
PERCENT CHANGE FROM MARCH 2015	-10.01%		
<b>INSURANCE TAXES</b>	652,359	1,334,745	10.81%
PERCENT CHANGE FROM MARCH 2015	41.83%		
<b>NATURAL GAS PRODUCTION TAX</b>	10,992	395,003	-56.29%
PERCENT CHANGE FROM MARCH 2015	-86.15%		
<b>CIGARETTE AND TOBACCO TAXES</b>	127,521	770,534	-7.37%
PERCENT CHANGE FROM MARCH 2015	7.77%		
<b>ALCOHOLIC BEVERAGES TAXES</b>	95,344	670,211	3.97%
PERCENT CHANGE FROM MARCH 2015	7.70%		
<b>OIL PRODUCTION AND REGULATION TAXES</b>	96,199	974,415	-47.21%
PERCENT CHANGE FROM MARCH 2015	-39.28%		
<b>UTILITY TAXES<sup>1</sup></b>	516	209,133	-7.46%
PERCENT CHANGE FROM MARCH 2015	60.84%		
<b>HOTEL OCCUPANCY TAX</b>	41,332	280,597	-1.13%
PERCENT CHANGE FROM MARCH 2015	1.50%		
<b>OTHER TAXES<sup>2</sup></b>	8,759	\$80,149	-40.73%
PERCENT CHANGE FROM MARCH 2015	-14.34%		
<b>TOTAL TAX COLLECTIONS</b>	<b>\$4,133,177</b>	<b>\$25,830,014</b>	<b>-5.52%</b>
PERCENT CHANGE FROM MARCH 2015	<b>3.16%</b>		
Revenue By Source	MARCH 2016	YEAR TO DATE: TOTAL	YEAR TO DATE: CHANGE FROM PREVIOUS YEAR
<b>TOTAL TAX COLLECTIONS</b>	\$4,133,177	\$25,830,014	-5.52%
PERCENT CHANGE FROM MARCH 2015	3.16%		
<b>FEDERAL INCOME</b>	3,158,774	23,552,845	10.88%
PERCENT CHANGE FROM MARCH 2015	16.41%		
<b>LICENSES, FEES, FINES AND PENALTIES</b>	923,371	7,256,366	29.96%
PERCENT CHANGE FROM MARCH 2015	102.62%		
<b>INTEREST AND INVESTMENT INCOME</b>	36,326	334,972	-13.69%
PERCENT CHANGE FROM MARCH 2015	11.79%		
<b>NET LOTTERY PROCEEDS<sup>3</sup></b>	195,124	1,356,925	21.94%
PERCENT CHANGE FROM MARCH 2015	31.24%		
<b>SALES OF GOODS AND SERVICES</b>	30,079	177,998	-35.29%
PERCENT CHANGE FROM MARCH 2015	179.08%		
<b>SETTLEMENTS OF CLAIMS</b>	6,431	548,888	10.25%
PERCENT CHANGE FROM MARCH 2015	-30.07%		
<b>LAND INCOME</b>	74,173	596,618	-42.86%
PERCENT CHANGE FROM MARCH 2015	-33.83%		
<b>CONTRIBUTIONS TO EMPLOYEE BENEFITS</b>	5	31	-11.13%
PERCENT CHANGE FROM MARCH 2015	11.24%		
<b>OTHER REVENUE</b>	519,139	2,652,157	16.50%
PERCENT CHANGE FROM MARCH 2015	8.59%		
<b>TOTAL NET REVENUE</b>	<b>\$9,076,599</b>	<b>\$62,306,815</b>	<b>4.27%</b>
PERCENT CHANGE FROM MARCH 2015	<b>13.92%</b>		

<sup>1</sup> Includes public utility gross receipts assessment, gas, electric and water utility taxes and gas utility pipeline tax.

<sup>2</sup> Includes the cement and sulphur taxes and other occupation and gross receipts taxes not separately identified.

<sup>3</sup> Gross sales less retailer commissions and the smaller prizes paid by retailers.

Note: Totals may not add due to rounding.



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