



AUGUST 2017

FISCAL NOTES

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“Local Funds” and State Finances By Kevin McPherson



STATE FUNDS OUTSIDE THE STATE TREASURY

The Texas Comptroller’s office is responsible for tracking and reporting on every dollar flowing to and through state agencies. Yet some state funds lie largely beyond public scrutiny — those held by state agencies and public colleges and universities in accounts *outside* the state Treasury, called locally held or “local” funds.

While state entities must report year-end balances for local funds to the Comptroller’s office for inclusion in the state’s Comprehensive Annual Financial Report (CAFR), there’s no detailed reporting on how they’re used.

Recently approved legislation, however, promises to shed additional light on this rather murky corner of the state’s finances.

Article IX, Sec. 17.09 of the 2017 General Appropriations Act (GAA) requires the Comptroller’s office and the Legislative Budget Board (LBB) to issue a biennial report on funds held outside the Treasury. With the new reporting process in place, elected officials and the public will be able to know just how much of this money the state has, and key details about its use.

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A Message from the Comptroller

As Comptroller, one of my most important jobs is to keep track of the state's finances — and report on them to our political leaders and taxpayers. Most revenue passes through the Texas State Treasury, a part of our office since 1996. But billions more in state funds are held by state agencies and public colleges and universities in accounts *outside* the Treasury, and can be used without legislative appropriations.



These "local" funds amounted to at least \$7.5 billion at the end of fiscal 2015, yet receive comparatively little oversight from lawmakers or scrutiny by the general public. In many cases, their placement outside the Treasury may be appropriate, as with bond receipts and trust funds dedicated to specific purposes and thus unavailable for general-purpose spending. But some of these state dollars simply represent agency and institutional operating funds, no different in principle from typical legislative appropriations.

Keeping such funds outside the Treasury reduces the state's General Revenue Fund interest income and makes it harder for policymakers to get a true picture of the state's finances. In this issue of *Fiscal Notes*, we take a closer look at local funds, and a recent legal provision that should yield the first comprehensive report on them.

We also look at the complex tasks performed by our Treasury Operations Division. Their work is low profile but high impact; 50 Treasury employees process hundreds of thousands of checks, collect billions in state receipts, issue warrants to pay state debts, maintain more than 500 state bank accounts and aid the financial operations of about 200 state agencies and institutions. About a third of them have been with the Treasury since it was an independent agency. They're some of the most experienced and knowledgeable employees in all of state government.


As always, I hope you enjoy this issue!

GLENN HEGAR

Texas Comptroller of Public Accounts

PORT OF ENTRY . . . PORT OF CORPUS CHRISTI

Texas' location and diverse economy offer unique trade opportunities and make it a critical gateway to global business. Our state boasts **29 OFFICIAL PORTS** of entry that facilitated nearly **\$650 BILLION** in trade in 2015, trade that supports an estimated **1.6 MILLION TEXAS JOBS** and adds **\$224.3 BILLION** to our gross state product annually. Our ports of entry benefit every part of our state. By highlighting them, we hope to emphasize their importance to a strong, diverse and growing Texas economy.

 **Glenn Hegar**
Texas Comptroller of Public Accounts

The Port of Corpus Christi was established in 1926, primarily for the export of cotton, and evolved into a major energy port, handling cargo including petrochemicals and wind-turbine components.

- direct, vessel-to-rail discharge capabilities to three Class 1 railroads (BNSF, Kansas City Southern and Union Pacific)
- heavy lift capabilities
- 45-foot-deep, 300-foot-wide ship channel
- 125 acres of open storage and 620,000 square feet of covered storage

EXPANSIONS UNDER WAY

In 2016, the port initiated capital improvement projects to accommodate larger shipping vessels expected due to the recent widening of the Panama Canal. These projects include:

- deepening of the port channel from 45 feet to 52 feet
- construction of a new turning basin and expansion of existing turning basins
- replacement of existing harbor bridge with one providing 205 feet of clearance

BY THE NUMBERS

Port of Corpus Christi contributions to the Texas economy include:

<p>THE RECENTLY COMPLETED PANAMA CANAL EXPANSION WILL ALLOW LARGER SHIPPING VESSELS — INCLUDING LIQUEFIED NATURAL GAS TANKERS — TO USE THE PORT.</p> <p>Source: Bloomberg</p>	TOTAL TRADE (2015)	\$16.9 BILLION
	DIRECT AND INDIRECT EMPLOYMENT	63,000
	GSP	\$9 BILLION

PORT OF CORPUS CHRISTI IS ONE OF 29 OFFICIAL TEXAS PORTS OF ENTRY.

To see a complete list, plus more in-depth regional data, visit: comptroller.texas.gov/economy/economic-data/

If you would like to receive paper copies of *Fiscal Notes*, contact us at fiscal.notes@cpa.texas.gov

STATE VS. LOCAL

State law allows many state agencies and all public institutions of higher education to hold local funds. These entities can hold and spend these funds without legislative appropriation, outside the normal budget process.

Most state funds are held within the Texas State Treasury. Revenue held in the Treasury comes from nine main sources (**Exhibit 1**). These funds are apportioned to agencies and institutions through the normal appropriations process every two years and are used to pay for a myriad of services such as health care, law enforcement and public education.

Local funds are held with the Comptroller’s office; its investment arm, the Texas Treasury Safekeeping Trust Company (TTSTC); and various private institutions. There are four basic types of local funds: operating, custodial, bond and trust funds (**Exhibit 2**).

Agencies can have more than one type of local fund, and local funds can be held by more than one entity. As a result, reporting on local funds is complex and piecemeal at best. The passage of the 2017 GAA should lead to a comprehensive accounting of them.

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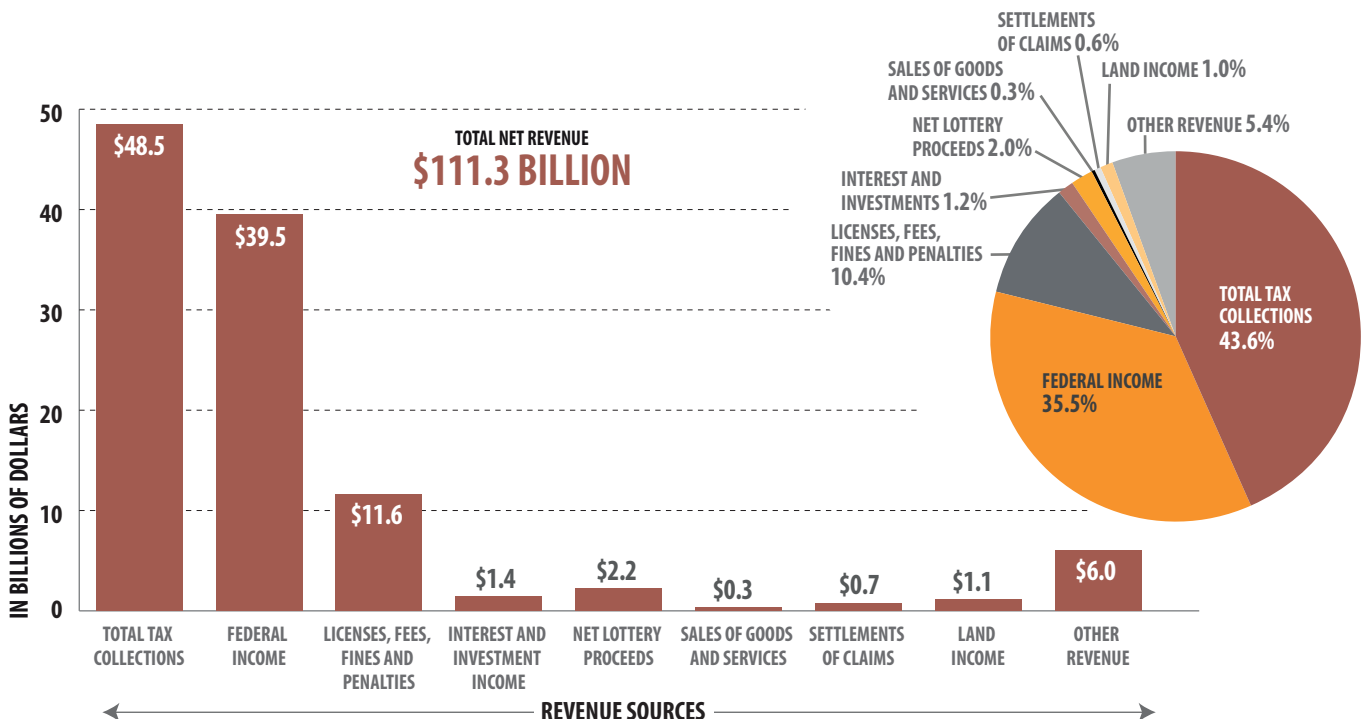
EXHIBIT 2

TYPES OF LOCAL FUNDS	
FUND TYPE	DEFINITION
Operating Funds	Funds used to make general expenditures for daily operations. Examples include tuition and fees held by public colleges and universities.
Custodial Funds	Assets belonging to individuals and other entities held temporarily, such as individual accounts held for prison inmates, residents of state-supported living centers and students at the Texas School for the Deaf.
Bond Funds	Fund accounts created by bond resolution requirements. Examples include the Texas Department of Housing and Community Affairs’ mortgage revenue bonds and the Texas Military Revolving Loan Fund.
Trust Funds	Funds held in a trustee capacity for individuals or private or governmental entities, such as the pension holdings of the Employees Retirement System of Texas.

Source: Texas Comptroller of Public Accounts

EXHIBIT 1

**NET REVENUE BY SOURCE: ALL FUNDS EXCLUDING TRUST FUNDS
YEAR ENDED AUGUST 31, 2016**



Source: Texas Comptroller of Public Accounts

BILLIONS OUTSIDE THE TREASURY

Again, state agencies and entities with local funds self-report their end-of-year cash balances to the Comptroller’s office for inclusion in the CAFR, but they’re *not* required to report deposits and expenditures. If a local fund has a zero balance at the end of the fiscal year, the agency doesn’t have to report on it at all, even if substantial amounts flowed in and out of the fund during the year.

At the end of fiscal 2015, Texas’ agencies and public institutions of higher education held at least \$7.5 billion in reported local fund balances. Of this amount, public colleges and universities accounted for \$3.9 billion, the majority of it representing operating funds derived from tuition and fees. The University of Texas and Texas A&M University systems alone had a combined \$2 billion in operating funds. State agencies held about \$3.6 billion in local funds.

In some contexts, it makes sense to hold funds outside the normal budget and appropriations process. Custodial, bond and trust funds are collected and spent for specific, limited purposes such as pensions or public works projects. These categories, however, only account for about 24 percent of all local funds (**Exhibit 3**). Local *operating* funds, which support day-to-day operations and are spent similarly to legislative appropriations, make up the remainder.

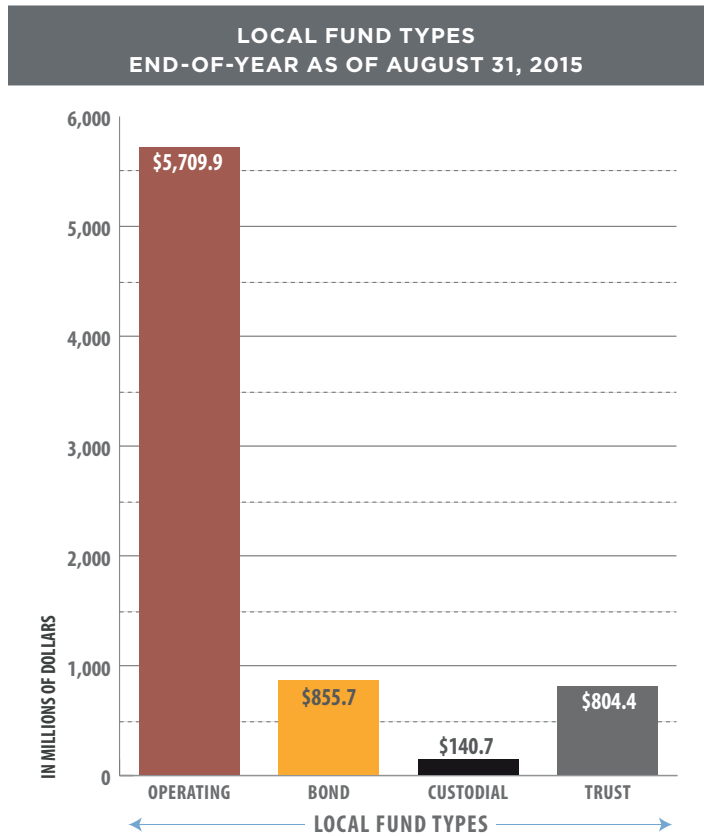
SELF-DIRECTED, SEMI-INDEPENDENT AGENCIES

Some of the state agencies holding local funds are a type called self-directed, semi-independent (SDSI) agencies, a status granted by Texas’ SDSI Project Act of 2001. SDSIs are intended to be autonomous and self-sustaining, without state appropriations; they generate their own operating funds, which are held by TTSTC in interest-bearing accounts, and create their own budgets.

Three agencies, the Texas State Board of Public Accountancy, Texas Board of Professional Engineers and Texas Board of Architectural Examiners, were initially granted SDSI status by the 2001 act. Five more were subsequently granted SDSI status in 2009 and 2011 (**Exhibit 4**).

If a local fund has a zero balance at the end of the fiscal year, the agency doesn’t have to report on it at all, even if substantial amounts flowed in and out of the fund during the year.

EXHIBIT 3



Source: Legislative Budget Board

EXHIBIT 4

SDSI AGENCIES	
AGENCY	YEAR GRANTED SDSI STATUS
Texas State Board of Public Accountancy	2001
Texas Board of Professional Engineers	2001
Texas Board of Architectural Examiners	2001
Texas Department of Banking	2009
Texas Department of Savings and Mortgage Lending	2009
Office of Consumer Credit Commissioner	2009
Texas Credit Union Department	2009
Texas Real Estate Commission (including the Texas Appraiser Licensing and Certification Board)	2011
Two divisions within the Texas Department of Insurance*	2011

*Granted limited SDSI status.
Source: Texas Sunset Advisory Commission

After some initial concern about minimal oversight, a 2013 Sunset Commission report showed the three agencies initially granted SDSI status were operating responsibly and that the SDSI Project Act was functioning as intended. The commission did, however, note several concerns about the potential for abuse and the need for additional oversight, and suggested additional requirements for SDSIs, proposing they:

- use the Comptroller’s uniform accounting system to make all payments (except for payments made to TTSTC);
- remit all administrative penalties to the State Treasury; and
- issue annual reports providing five years of financial performance data.

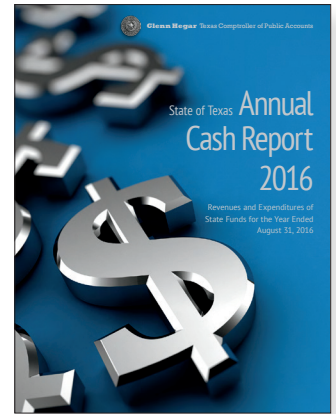
The Legislature adopted these recommendations for the three agencies created by the SDSI Project Act, but did not apply them to the other SDSIs. A subsequent Sunset report in 2015 noted “agencies [are] being granted SDSI status in a haphazard way, with inconsistent ongoing oversight,” and recommended the Legislature stop granting agencies this status until a

consistent and comprehensive approach for managing the process could be created. The Legislature did not adopt this recommendation, however.

EFFECTS ON STATE FINANCES

Holding funds outside the State Treasury diminishes the state’s General Revenue Fund interest revenue and thus reduces the amounts available for certification of the state’s budget. At least some of the billions in operating funds that account for three-quarters of all local funds could instead be earning interest income as do other, similar funds in the Treasury.

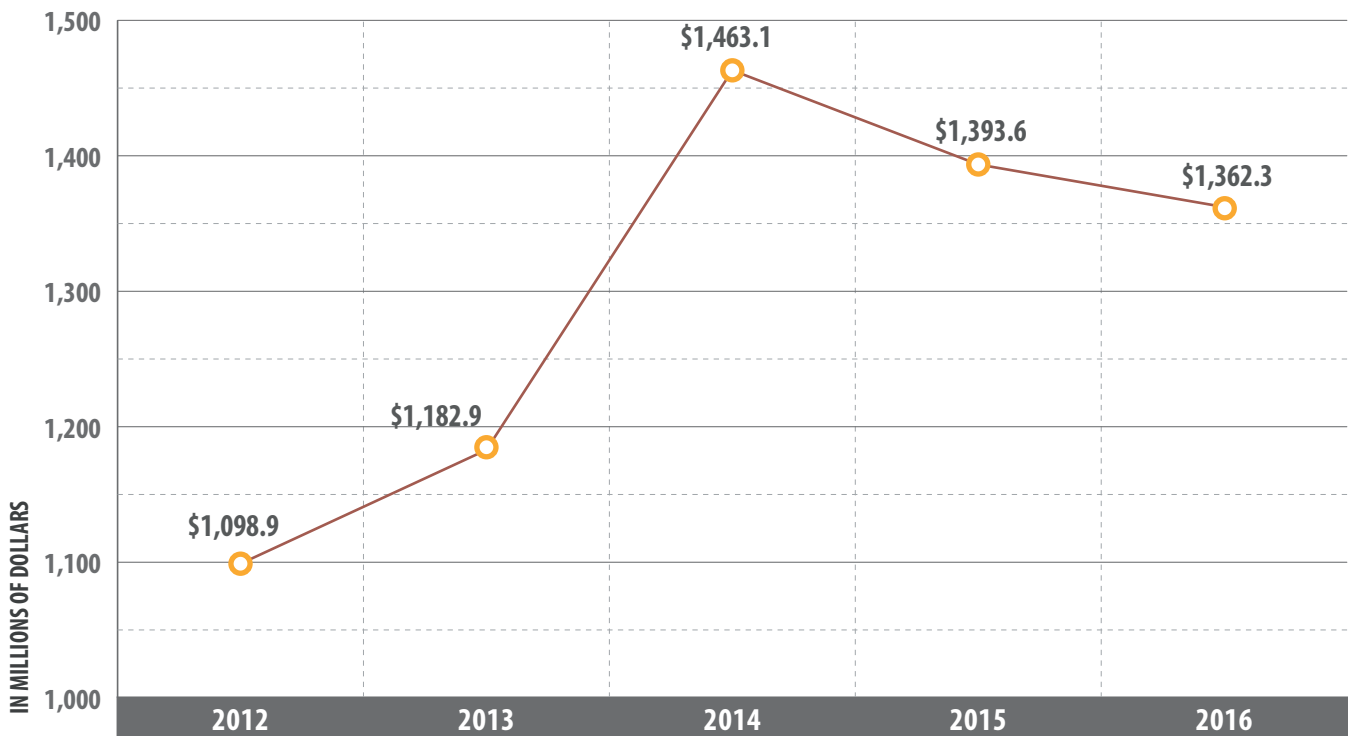
The *State of Texas Annual Cash Report* for fiscal 2016 reports the state netted nearly \$1.4 billion in interest and investment income in that year (**Exhibit 5**). Data regarding interest earned by state funds held in private institutions aren’t available, but it seems safe to say that the billions in local operating



CONTINUED ON PAGE 6

EXHIBIT 5

STATE OF TEXAS: NET INTEREST AND INVESTMENT INCOME, 2012-2016



Source: Texas Comptroller of Public Accounts



The new reporting requirements become effective on Sept. 1, 2017.

funds generate millions of dollars in interest that never becomes general revenue.

Beyond the issue of lost interest, however, is the simple fact that the lack of information on local funds prevents the Legislature from basing its appropriation decisions on a full picture of the state's finances. Some data on local funds, such as those of the original three SDSI agencies, is submitted to the Comptroller's office, but little is known about funds held in private institutions.

Other states also allow for locally held funds, but know more about them. California, for example, requires all agencies with funds outside of its treasury to submit annual reports containing bank statements, balances, fund purposes and tax information. Illinois also publishes annual reports on locally held funds.

With its new reporting requirements, Texas too can begin to get a fuller picture of the activity and balances in these local accounts.

NEW REPORTING REQUIREMENTS

Under the new requirements of the 2017 GAA, any state agency that receives, spends or administers revenue held outside the Treasury will be required to submit financial data on the funds to the Comptroller's office

and LBB, which will prepare a report based on the data for each regular session of the Legislature. The new reporting requirements become effective on Sept. 1, 2017, with the first report due to the Legislature by the end of February 2019.

The report must include:

- the statutory basis for revenue held outside the Treasury;
- its allowable uses;
- a list of programs for which the revenue is or can be spent;
- estimated or actual revenues and expended or budgeted amounts by fiscal year for the most recently completed and current fiscal biennia; and
- the estimated or actual balance as of Aug. 31 of each fiscal year in the most recently completed and current fiscal biennia.

The lack of hard information about locally held funds makes it inherently difficult to determine whether they are being managed effectively, and obscures the picture of state revenues given by current reporting mechanisms. Without such data, legislators can't make fully informed budget decisions. The new reporting requirements should go a long way toward filling this gap in our financial picture and provide information necessary for proper oversight. **FN**

The Treasury Operations Division

By Lauren Mulverhill

KEEPING TABS ON TEXAS' BOTTOM LINE

Money comes in — from state agencies, taxpayers and the public — in the form of fees, services and taxes. And money goes out — for payroll, vendor payments, tax refunds and the state's investments. Nearly all the state's money flows through the Texas State Treasury.

The business of state government involves millions of transactions and billions of dollars, and the Comptroller's Treasury Operations Division safeguards and accounts for them all. The division has been an arm of the Comptroller's office since the mid-1990s, but a part of Texas history since 1845, when the new state established the elected office of state treasurer. (Visitors to the south side of the Texas Capitol can see the treasurer's business office, complete with teller windows, restored to its original 1900 appearance.)

The Texas Treasury has a long and colorful history, including an 1865 robbery of \$17,000 in silver and gold bars after the collapse of the Confederacy, and the 1909 delivery of nearly \$2 million in cash and gold — about \$52 million in current dollars — in

a single, heavily guarded express train. Perhaps most notable, however, is that the final state treasurer, Martha Whitehead, ran on a campaign promising to eliminate her own job as a money-saving measure, and to merge Treasury operations with the Comptroller's office. She succeeded and, after a constitutional amendment, the Treasury became part of the Comptroller's office in 1996.

FOUR TREASURY TEAMS

Today, nearly 50 employees staff the Treasury and work with a variety of customers, both in person and electronically.

"Most of our customers are state agencies, but we also interact with businesses and individuals who either receive or pay money to the state," explains

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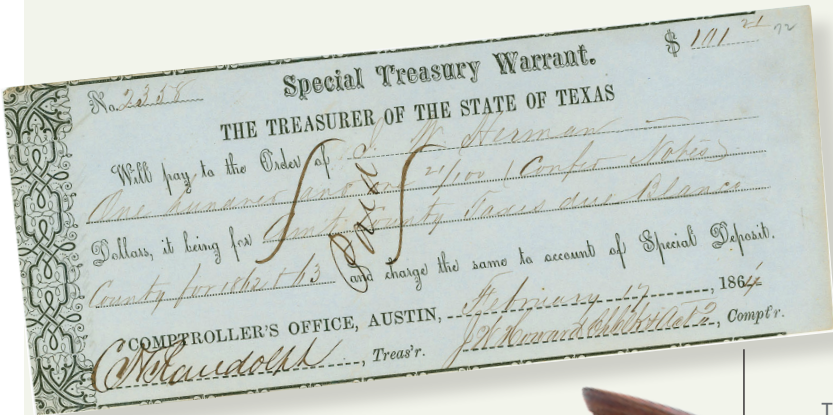


The original Treasury office in the State Capitol, seen in operation and as restored today.



Photo courtesy of the Archives and Information Services Division, Texas State Library and Archives Commission.

TRUE TEXAS: THE GREAT TREASURY ROBBERY By Jackie Benton



The bandits also attempted to steal \$25,000 in Texas Treasury warrants but dropped them during their escape. Photo courtesy of crutchwilliams.com.

Freeman, realizing his men were outnumbered and outgunned, decided not to give chase immediately, opting instead to lead a posse the next day that found nothing except a few coins dropped by the robbers in flight.

The bandits made off with more than half of the Treasury's gold and silver reserves, worth about \$17,000 at the time. They'd used pickaxes to enter several free-standing safes, but failed to breach the Treasury vault.

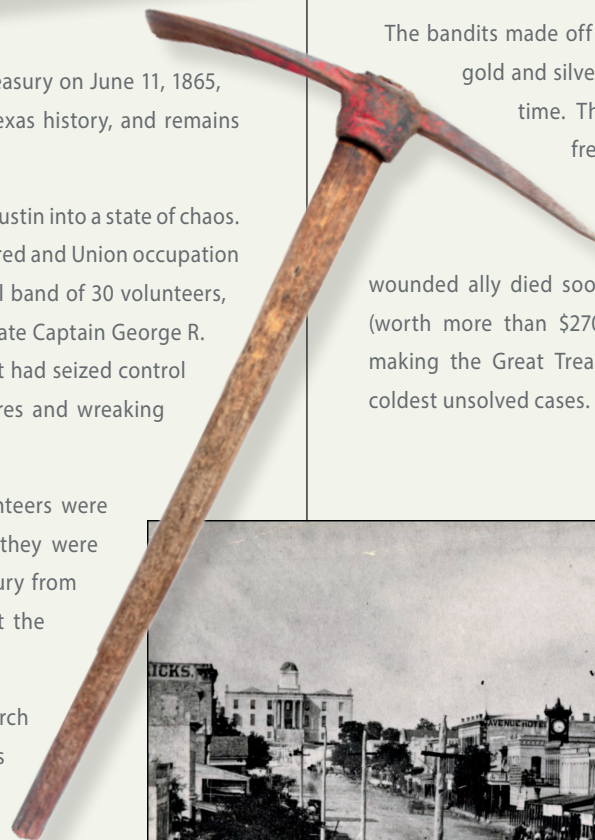
None were ever captured; their wounded ally died soon after the incident. The stolen loot (worth more than \$270,000 today) has never been found, making the Great Treasury Robbery of 1865 one of Texas' coldest unsolved cases.

The robbery of the Texas State Treasury on June 11, 1865, is one of the boldest crimes in Texas history, and remains unsolved.

The end of the Civil War plunged Austin into a state of chaos. Law enforcement all but disappeared and Union occupation forces had not yet arrived. A small band of 30 volunteers, organized under former Confederate Captain George R. Freeman, tried to quell a mob that had seized control of downtown Austin, looting stores and wreaking havoc.

But while Freeman and his volunteers were able to restore order to Austin, they were unable to defend the State Treasury from armed bandits, despite a tip that the robbery was imminent.

Freeman gathered his men at a church at the southern end of Congress Avenue and proceeded to the Treasury building, then located just northeast of the Capitol, where they found a group of 30 to 50 (eyewitness accounts vary) participating in the break-in. A brief gunfight ensued; one raider was mortally wounded but the rest escaped, heading west toward Mount Bonnell.



Scene of the crime: Congress Avenue, sometime before 1875. Photo courtesy of the Austin History Center.



TOM SMELKER
DIRECTOR,
TEXAS COMPTROLLER
TREASURY OPERATIONS DIVISION

Tom Smelker, Treasury Operations director. “We staff a teller window at our office for anyone who wants to cash a state warrant, and to accept deposits from state agencies. Citizens and businesses can also pay us electronically. Our TexNet website [an electronic payment system for certain Texas taxpayers] processes more than \$70 billion annually, and we process all electronic and credit card payments for the Texas.gov website.”

Treasury Operations comprises four business areas that execute the state’s financial transactions.

The first stop for nearly all incoming deposits, returns and disbursements (requests for warrants from other state agencies) is the *Banking and Electronic Processing* group. Checks that come in are immediately deposited electronically; the days of Treasury staff delivering them to a bank for deposit are long gone. This group reconciles state warrants and checks; tracks and researches warrant information for state agencies, banks and other entities; and deposits money received from all state agencies.

The *Cash and Securities Management* team oversees funds transfer, tracks incoming federal funds, makes major payments (such as those for state employee salaries) and determines the daily amount of cash available for state investments. The team also works with other agencies to ensure funds are available through various electronic systems.

To monitor the ever-changing financial and regulatory environment, the *Public Finance* group ensures that the state remains in good standing with the financial markets. This team manages the state’s cash flow, issues Tax and Revenue Anticipatory Notes (TRANS), short-term debt instruments used to manage temporary

cash flow problems, and registers bonds issued by the state and Texas local governments (thus deeming them legally valid and enforceable).

Finally, the *Treasury Accounting* team reconciles the state’s cash assets on a daily basis. The group accounts for cash transactions posted to all state agencies and all money deposited or invested in approved financial institutions, collects interest on state investments and determines how to allocate the interest appropriately. In fiscal 2016, Treasury Accounting reconciled more than 500 state bank accounts about 12,000 times.

OPEN GOVERNMENT

The Comptroller’s commitment to transparency and open government includes Treasury-related data. For example, Treasury Operations allocates money from a pool of funds so the Comptroller’s investment entity, the Texas Treasury Safekeeping Trust Company, can invest them. These funds, collectively known as the “Treasury Pool,” are invested in a mixture of vehicles, earning some returns while providing a high level of liquidity (ready access to funds). Texans can access information about these funds and their rates of return on the Comptroller’s website.

The division’s quarterly Bond Appendix provides a general description of state finances, including historical data and trends, the Treasury balance and current investments. This information is updated on the Comptroller’s website around the 10th of each February, May, August and November.

Similarly, the division’s quarterly Cash Flow Report shows the state’s available cash and compares projected and actual cash positions by quarter and fiscal year.

THE GOLDEN AGE

Concerning the 2017 legislative session, Smelker reports few hot-button issues, “other than some programs

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TREASURY OPERATIONS BY THE NUMBERS IN FISCAL 2016, TREASURY OPERATIONS:

PROCESSED **1,100** CHECKS PER MINUTE DURING PEAK PERIODS



COLLECTED **\$125 BILLION** IN RECEIPTS

PROCESSED TRANSACTIONS WITH UP TO **1,000** FINANCIAL INSTITUTIONS EACH DAY

SUPPORTED THE FINANCIAL OPERATIONS OF **200** STATE AGENCIES

WE'VE GOT A WARRANT FOR...YOUR MONEY

You say check, we say warrant: that's the terminology Treasury Operations uses when processing funds for other state agencies. Only three state agencies — the Comptroller's office, the Health and Human Services Commission and the Texas Workforce Commission — are authorized to issue warrants. They work like checks that private businesses and individuals use, but have some differences:

	
WARRANTS	CHECKS
DRAWN ON THE STATE TREASURY	DRAWN ON BANKS
PAYABLE ONLY BY THE STATE TREASURY	PAYABLE AT ANY BRANCH LOCATION ON WHICH THE CHECK IS DRAWN
MUST BE NEGOTIATED BEFORE TWO YEARS AFTER THE CLOSE OF THE FISCAL YEAR IN WHICH IT WAS ISSUED	TYPICALLY "STALE" FOR PAYMENT AFTER SIX MONTHS
ISSUED AGAINST STATE AGENCY APPROPRIATIONS	PRIMARILY ISSUED AGAINST BANK ACCOUNTS
TRANSACTION HISTORY MUST BE ARCHIVED PERMANENTLY	BANKS GENERALLY MAINTAIN SUCH RECORDS FOR A YEAR OR TWO

that wanted the freedom to collect and spend money without Treasury oversight and controls. This can result in mismanagement or misuse of the state's money, so we don't recommend it."

The 2015 session, however, brought an exciting development for a division that usually operates quietly in the background. "Last session we became involved in legislation to establish a state-managed depository for storing precious metals such as gold and silver," Smelker says.

Gov. Greg Abbott signed the Texas Bullion Depository Bill into law on June 12, 2015, officially establishing the first state-authorized precious metals bullion depository in the nation (HB 483, 84th Legislature). Before the legislation passed, Smelker had twice been called upon to evaluate the Comptroller's role in a potential depository, both in the 2013 and 2015 sessions.

On June 12, 2017, Comptroller Glenn Hegar announced Smelker would be the administrator of the depository, bringing nearly 30 years of Treasury service to his new role.

STEWARDS OF THE STATE'S DOLLARS

In September 2016, the Treasury celebrated its 20th anniversary as part of the Comptroller's office, and during the recent regular legislative session, the merger and our employees were recognized on the Senate floor with a special resolution.

The average tenure of a Treasury employee is 15 years. Seventeen former Texas Treasury Department employees still work at our office. They represent about a third of the Treasury Operations staff, an impressive percentage in an era of career changers. Why have they stayed?

"Many of our employees came from banking backgrounds and enjoy working in a financial processing environment," Smelker says. "It may be because we combine the best of both government and private industry: the financial environment of a bank and the public service of government. Our staff gets to work with very large sums of money and interact with professionals in the financial world, which is interesting if you like banking.

"We're a small, close group that has worked well together over the years, and that makes for a good work environment," he says.

From the gold and silver bars deposited during the 19th century to the electronic exchanges of funds today — and, in a way, coming full circle with the bullion depository — it's an environment where employees think innovatively, encourage improvements and operate with high accuracy every day. **FN**

Visit comptroller.texas.gov/programs/systems/treasury-ops/ to learn more about Treasury Operations. See Comptroller financial reports at comptroller.texas.gov/transparency/reports.

State Revenue Watch

This table presents data on net state revenue collections by source. It includes the 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 comptroller.texas.gov/transparency.

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	JULY 2017	YEAR TO DATE: TOTAL	YEAR TO DATE: CHANGE FROM PREVIOUS YEAR
SALES TAX	\$2,564,001	\$26,420,283	2.63%
PERCENT CHANGE FROM JULY 2016	7.90%		
MOTOR VEHICLE SALES AND RENTAL TAXES	384,653	4,113,590	-1.24%
PERCENT CHANGE FROM JULY 2016	-7.29%		
MOTOR FUEL TAXES	308,243	3,278,089	2.22%
PERCENT CHANGE FROM JULY 2016	3.66%		
FRANCHISE TAX	19,221	3,127,330	-17.44%
PERCENT CHANGE FROM JULY 2016	290.22%		
INSURANCE TAXES	641,820	2,083,429	7.45%
PERCENT CHANGE FROM JULY 2016	12.25%		
NATURAL GAS PRODUCTION TAX	82,439	898,027	74.49%
PERCENT CHANGE FROM JULY 2016	74.29%		
CIGARETTE AND TOBACCO TAXES	129,518	1,313,770	4.86%
PERCENT CHANGE FROM JULY 2016	25.19%		
ALCOHOLIC BEVERAGES TAXES	105,509	1,116,370	3.03%
PERCENT CHANGE FROM JULY 2016	4.99%		
OIL PRODUCTION TAX	169,046	1,920,372	23.33%
PERCENT CHANGE FROM JULY 2016	9.41%		
UTILITY TAXES¹	85,849	384,444	14.89%
PERCENT CHANGE FROM JULY 2016	148.52%		
HOTEL OCCUPANCY TAX	49,033	479,754	1.40%
PERCENT CHANGE FROM JULY 2016	1.33%		
OTHER TAXES²	27,812	193,763	17.65%
PERCENT CHANGE FROM JULY 2016	288.01%		
TOTAL TAX COLLECTIONS	\$4,567,145	\$45,329,221	2.50%
PERCENT CHANGE FROM JULY 2016	9.76%		
Revenue By Source	JULY 2017	YEAR TO DATE: TOTAL	YEAR TO DATE: CHANGE FROM PREVIOUS YEAR
TOTAL TAX COLLECTIONS	\$4,567,145	\$45,329,221	2.50%
PERCENT CHANGE FROM JULY 2016	9.76%		
FEDERAL INCOME	3,014,350	35,398,850	-2.84%
PERCENT CHANGE FROM JULY 2016	5.04%		
LICENSES, FEES, FINES AND PENALTIES	964,270	9,915,893	-8.44%
PERCENT CHANGE FROM JULY 2016	23.03%		
INTEREST AND INVESTMENT INCOME	248,090	1,549,332	19.31%
PERCENT CHANGE FROM JULY 2016	26.36%		
NET LOTTERY PROCEEDS³	157,270	1,796,711	-11.96%
PERCENT CHANGE FROM JULY 2016	-10.22%		
SALES OF GOODS AND SERVICES	24,254	279,880	6.65%
PERCENT CHANGE FROM JULY 2016	18.94%		
SETTLEMENTS OF CLAIMS	3,881	524,424	-19.18%
PERCENT CHANGE FROM JULY 2016	-93.83%		
LAND INCOME	121,718	1,515,786	48.07%
PERCENT CHANGE FROM JULY 2016	-34.13%		
CONTRIBUTIONS TO EMPLOYEE BENEFITS	5	54	7.15%
PERCENT CHANGE FROM JULY 2016	0.71%		
OTHER REVENUE	1,015,102	6,078,712	9.92%
PERCENT CHANGE FROM JULY 2016	18.85%		
TOTAL NET REVENUE	\$10,116,084	\$102,388,861	0.10%
PERCENT CHANGE FROM JULY 2016	8.68%		

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

² Includes the cement and sulphur taxes and other occupation and gross receipts taxes not separately identified.

³ Gross sales less retailer commissions and the smaller prizes paid by retailers.

Note: Totals may not add due to rounding.



FISCAL NOTES

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GLENN HEGAR

Texas Comptroller of Public Accounts

Fiscal Notes is one of the ways the Comptroller's office strives to assist taxpayers and the people of Texas. The newsletter is a by-product of the Comptroller's constitutional responsibilities to monitor the state's economy and to estimate state government revenues.

Fiscal Notes also provides a periodic summary of the financial statements for the state of Texas.

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