



OCTOBER 2020

FISCAL NOTES

“LOCAL FUNDS”:

STATE MONEY OUTSIDE THE TREASURY

7

STATE REVENUE WATCH

11

Uninsured Texans

By Spencer Grubbs and Bruce Wright

MANY MORE LOSE COVERAGE IN PANDEMIC



Texans have long been proud of leading the U.S. in a variety of ways — our state is ranked first in exports and energy production, to name just two. One distinction, however, isn’t something to brag about: Texas has both the highest number and the highest percentage of uninsured residents in the nation.

According to recently released U.S. Census data, the share of Texans without health insurance — 18.4 percent in 2019 — was twice the national average of 9.2 percent. And those numbers have risen in 2020 as the COVID-19 pandemic continues, causing economic turmoil and massive job losses.

Texas has both the highest number and the highest percentage of uninsured residents in the nation.

The lack of health insurance keeps many from seeking health care services and preventive care. But aside from the personal toll, a high uninsured rate has economic implications for the state as well, due to factors such as increased spending by doctors, hospitals and local governments for uncompensated care and the rising cost of health care services and insurance premiums.

Access to health insurance allows spending that would have gone to health care to be spent on other things, such as consumer goods and debt reduction. In addition, a workforce with access to health care can help increase productivity and economic output.

IMPACT ON THE TEXAS ECONOMY

A 2019 study by the Texas Alliance for Health Care (TAHC) warned that Texas’ high uninsured rate could cause long-term damage to the state’s economy. It can lead to worse health among the uninsured, limiting their earning power. It affects employers by increasing

CONTINUED ON PAGE 3

A Message from the Comptroller

Texas' economy is on the mend, after what was almost certainly the most unexpected recession in American history. But the effects of the COVID-19 pandemic will be with us for some time to come — and many Texans are still out of work. As I write this, the state has nearly 800,000 fewer jobs than it did before the pandemic shut down so much of our economy.



One of the most painful effects of losing a job, moreover, is the loss of employer-sponsored insurance, which offers health coverage for the majority of full-time U.S. workers. In Texas, such losses have only worsened a perennial problem in our state, which has the nation's highest share of uninsured residents. By one estimate, about 659,000 Texans lost health insurance coverage earlier this year. The Texas Alliance for Health Care reports that Texas' high rates of "uninsurance" cost our state economy *hundreds of billions* of dollars.

In this issue of *Fiscal Notes*, we examine the problem of uninsured Texans, the economic consequences for our state, the options available to those who have recently lost their insurance — and various policies that could extend health coverage to more of our most vulnerable citizens. It's a pressing issue that is only becoming more urgent, day by day.

We also take a look at an issue important to state finances, "local funds" — state funds held by individual agencies and institutions that contain billions of dollars, outside the state Treasury and generally outside the state's budgeting and appropriations process.

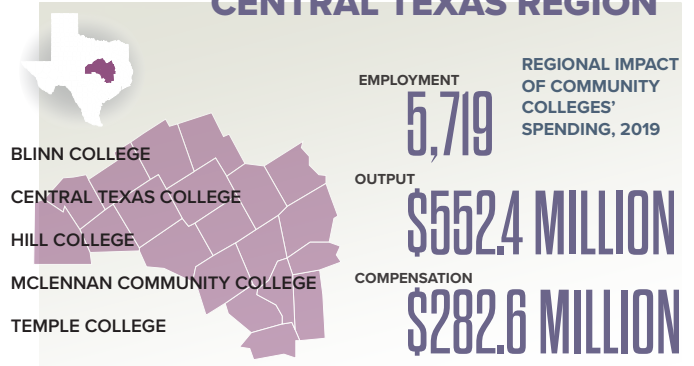
In many cases, the entity holding local funds has special abilities, functions or requirements that justify giving it a higher level of control over its funding. In other cases, however, the revenue in local funds is used simply to support daily operations, in just the way appropriated revenue is used, with little justification for treating it differently. Until recently, there was surprisingly little information available on these funds; a 2019 report from the Legislative Budget Board gives us our first major look at their status and uses.

I hope you find this issue informative and enlightening.

GLENN HEGAR

Texas Comptroller of Public Accounts

TEXAS COMMUNITY COLLEGES CENTRAL TEXAS REGION



Texas' community college districts serve a vital role in our state's economy by developing our workforce, preparing students for further academic study and meeting specific vocational needs. The 20 counties in the Central Texas region include five community college districts.

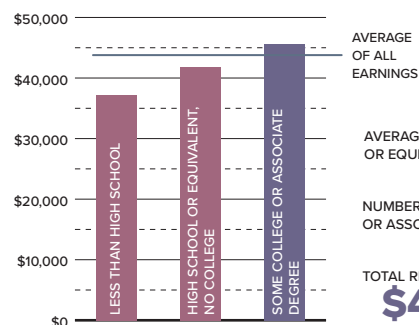
Note: Figures include direct, indirect and induced economic impacts.

Sources: JobsEQ, Texas Comptroller of Public Accounts, Texas Higher Education Coordinating Board and Texas community colleges.

NOTE: THESE ANALYSES PREDATED THE COVID-19 CRISIS AND THE ECONOMIC IMPACTS THAT FOLLOWED.

WAGES BY EDUCATIONAL ATTAINMENT

AVERAGE ANNUAL EARNINGS BY EDUCATIONAL ATTAINMENT, CENTRAL TEXAS REGION, 2018



Community colleges provide their students with a good return on investment.

AVERAGE WAGE INCREASE OVER HIGH SCHOOL OR EQUIVALENT

\$3,773

NUMBER OF WORKERS, SOME COLLEGE OR ASSOCIATE DEGREE

117,903

TOTAL REGIONAL ADDITIONAL WAGES

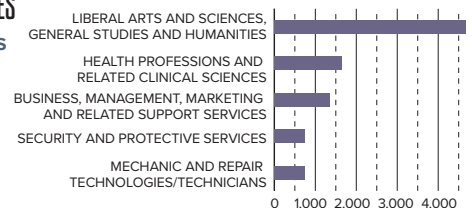
\$444.8 MILLION

Source: JobsEQ

CERTIFICATES AND DEGREES

TOP CERTIFICATES AND DEGREES, CENTRAL TEXAS REGION, 2017-2018 SCHOOL YEAR

Source: JobsEQ



SUMMARY

The Central Texas region's five community college districts address local skills gaps and meet the specific needs of area employers. They support more than 5,700 jobs and add more than \$550 million in economic output annually. The higher pay of those with some college or an associate degree helps raise total wages in the region nearly \$445 million per year.

TO SEE INFORMATION ON COMMUNITY COLLEGES AND THE TEXAS ECONOMY: <https://comptroller.texas.gov/economy/economic-data/colleges/>

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

An estimated 21.9 million American workers lost their jobs or otherwise left employment between February and May 2020.

absenteeism and sidelining skilled workers — and has a negative impact on communities that become saddled with rising costs for uncompensated health care.

The TAHC study predicted that the number of uninsured Texans could rise to 6.1 million by 2040. Without a change in policy, the study projects that costs for hospitals and physicians who provide unsubsidized and uncompensated care will rise from \$3.5 billion in 2016 to \$12.4 billion in 2040, while the impact of lost earnings and poor health will rise from \$57 billion in 2016 to \$178.5 billion in 2040.

PANDEMIC EFFECTS

Texas, along with the rest of the nation, has experienced an unprecedented number of job losses in a short time due to the COVID-19 pandemic — the direct result of businesses reducing or closing operations to adhere to social distancing requirements. For many, however, the loss of a job brings about an additional hardship: the loss of health insurance coverage.

In the U.S., the largest source of health coverage is insurance provided by employers, also known as employer-sponsored insurance (ESI). According to the Urban Institute, in both Texas and the U.S., about 80 percent of full-time employees were eligible for ESI from their own employers in 2018. The share, however, was much smaller for those working for small businesses (fewer than 50 employees), at 46.9 percent in Texas and 51.2 percent nationally.

But the COVID-19 pandemic is disrupting the link between employment and health insurance coverage, and may exacerbate Texas' already high uninsured rate.

FamiliesUSA, a nonpartisan health care advocacy group, has used data from the U.S. Bureau of Labor Statistics to estimate that 21.9 million American workers lost their jobs or otherwise left employment between February and May 2020. The increase in unemployment during this three-month period was significantly higher than any *annual* increase ever recorded nationwide, including the 3.9 million increase recorded between 2008 and 2009, during the Great Recession. In Texas, more than 3.7 million initial unemployment claims have been filed since March.

FamiliesUSA also estimates that 5.4 million U.S. adults under the age of 65 lost health insurance

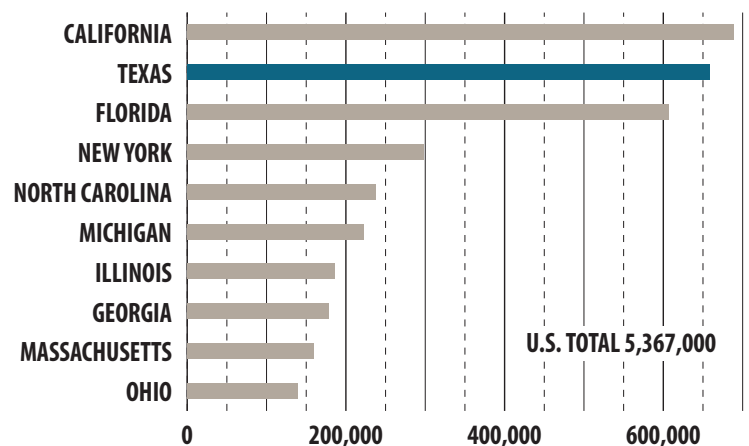


coverage between February and May 2020. In Texas, the organization estimates that 659,000 adults lost health insurance coverage in the same period, marking a 15 percent increase from the number of uninsured adults in 2018. Among states, Texas ranked second — slightly below first-ranked California (689,000) — in its number of persons recently uninsured due to job loss (**Exhibit 1**).

The Kaiser Family Foundation (KFF), a nonprofit focused on national health issues, projected even greater impacts of COVID-19 on uninsured rates. KFF estimated that 27 million Americans and 1.6 million Texans could lose coverage after losing

EXHIBIT 1

ESTIMATED NUMBER OF UNINSURED DUE TO JOB LOSS, 10 MOST POPULOUS STATES AND U.S., FEBRUARY - MAY 2020



Notes: Estimates are from May 2020 and may change depending on new employment, the future impacts of COVID-19 and any federal legislation adopted to address those impacts. Uninsured estimates do not take into account unemployed workers who retained coverage through a spousal employer, Medicaid or the individual insurance market or family members of the recently unemployed and uninsured, many of whom also lost health insurance coverage. Definitive coverage data will not be available until 2021, when the U.S. Census Bureau's American Community Survey publishes health insurance estimates for 2020.

Source: FamiliesUSA

Uninsured Texans



their jobs between early March and early May 2020. KFF's estimates included people of all ages as well as the family members of recently uninsured.

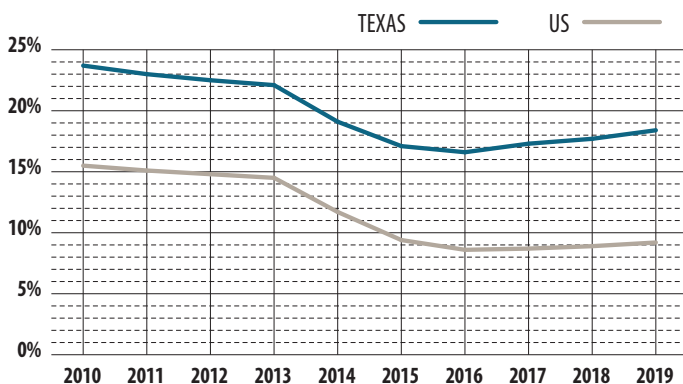
Note, however, that neither of these estimates account for the significant employment gains seen in recent months. As of August, Texas had regained about 614,000 jobs since the recession's trough in April, about 44 percent of those lost since February.

BEFORE THE PANDEMIC

According to U.S. Census data, 18.4 percent of Texas residents had no health coverage in 2019, although the rate has come down a bit from the 23.7 percent registered 10 years ago (**Exhibit 2**). The federal Affordable Care Act (ACA), which extended Medicaid coverage to many low-income individuals and provided insurance marketplace subsidies to those under 400 percent of federal poverty guidelines, reduced the number of uninsured residents in Texas

EXHIBIT 2

TEXAS AND U.S. UNINSURED RATES, 2010-2019



Source: U.S. Census Bureau

and other states after its major provisions went into effect in 2014.

The increase in coverage, however, occurred unevenly among the states, with those that chose to expand Medicaid eligibility experiencing the largest decreases in their uninsured rates. Texas is among the states that have not expanded eligibility, opposing what Gov. Greg Abbott called "a massive expansion of an already broken and bloated Medicaid program." In addition, state leaders expressed concern about the cost to Texas taxpayers; the nonprofit Foundation for Government Accountability estimates that per-person costs for Medicaid expansion have exceeded original estimates

CHARACTERISTICS OF UNINSURED TEXANS

Before the pandemic, the Urban Institute reported on certain characteristics of the uninsured population in Texas, including the following:

56% OF UNINSURED TEXANS ARE PART OF FAMILIES THAT INCLUDE AT LEAST ONE FULL-TIME WORKER.

60% OF UNINSURED TEXANS HAVE ANNUAL FAMILY INCOMES OF LESS THAN \$35,000 A YEAR.

29% OF THOSE WITH ANNUAL FAMILY INCOMES OF LESS THAN \$35,000 ARE UNINSURED.

4% OF TEXANS EARNING \$100,000 OR MORE ARE UNINSURED.

61% OF UNINSURED TEXANS ARE HISPANIC.

27% OF HISPANIC TEXANS ARE UNINSURED.

12% OF PEOPLE WHO IDENTIFY AS "NON-HISPANIC WHITE" ARE UNINSURED.

16% OF PEOPLE WHO IDENTIFY AS "NON-HISPANIC BLACK" ARE UNINSURED.

48% OF TEXANS WITHOUT A HIGH SCHOOL DIPLOMA ARE UNINSURED.

10% OF COLLEGE GRADUATES IN TEXAS ARE UNINSURED.

40%+ OF UNINSURED HISPANIC TEXANS ARE U.S. CITIZENS.

36% OF TEXANS WHO HAVE AT LEAST ONE NONCITIZEN IN THEIR FAMILY ARE UNINSURED.

8% OF TEXAS CHILDREN ARE UNINSURED.

19% OF TEXANS UNDER AGE 65 ARE UNINSURED.

Texas areas with the highest rates (more than 25 percent) of uninsured persons are in parts of our largest cities, El Paso and the Rio Grande Valley. Areas with the lowest uninsured rates (less than 14 percent) generally are in suburban areas as well as locations around Waco and Amarillo.

Recently unemployed persons who lost health insurance have several coverage options, with eligibility depending on income, family status and state of residence.

by 76 percent, leading to cost overruns of 157 percent. Instead, Texas opted to implement a Medicaid waiver program that uses community-based health centers to care for medically underserved populations in low-income areas and offers federal funding to reimburse medical providers for uncompensated care.

For the 33 states that had expanded Medicaid by 2019, the average uninsured rate for working-age adults was 9.8 percent; the average rate among the 17 states that hadn't expanded their Medicaid programs at that time was 18.4 percent (**Exhibit 3**). Since 2019, five additional states have opted to expand their Medicaid programs — Idaho, Nebraska and Utah in 2020 and Missouri and Oklahoma in 2021.

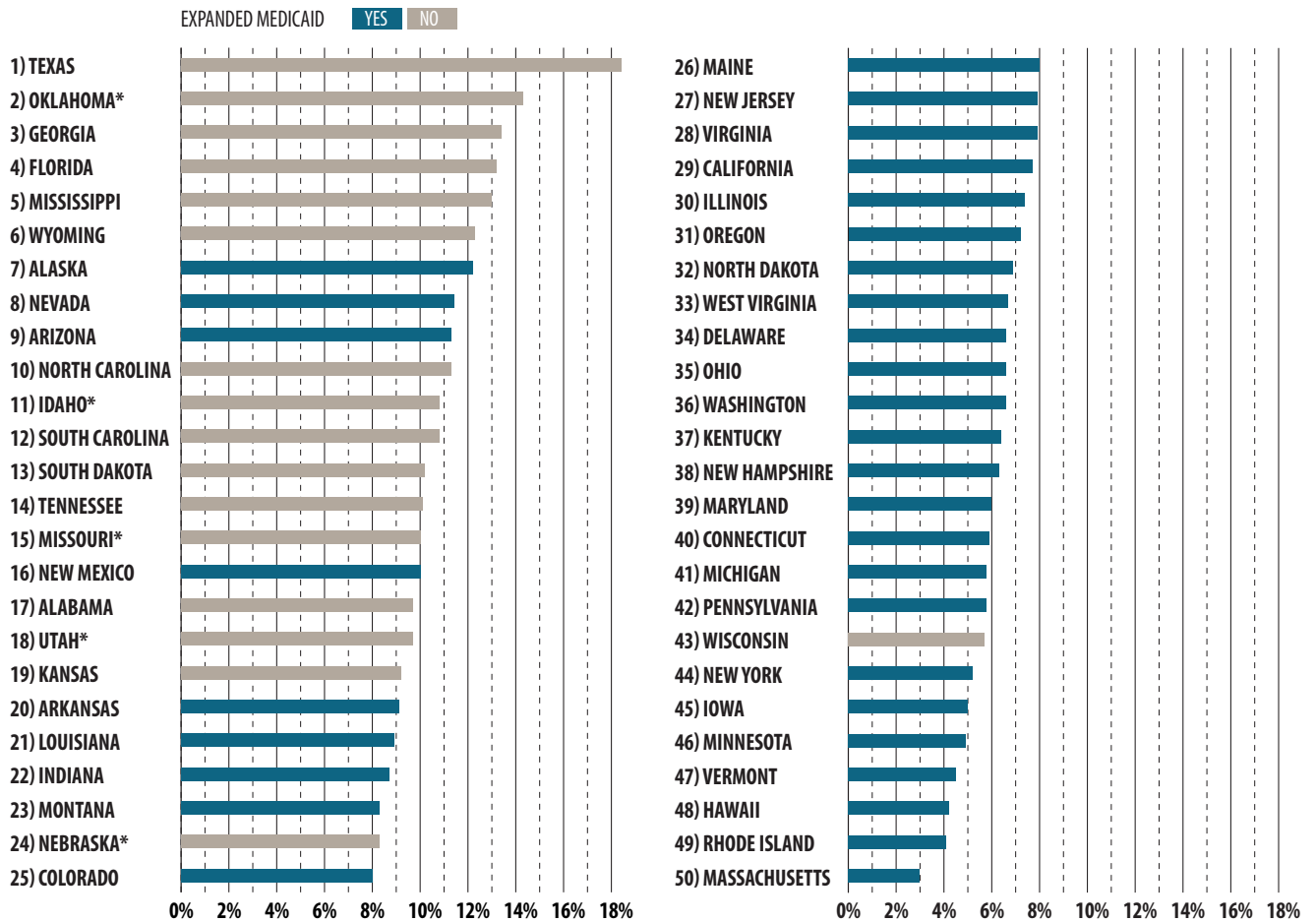
COVERAGE OPTIONS FOR THE RECENTLY UNINSURED

Recently unemployed persons who lost employer-sponsored insurance have several coverage options, with eligibility depending on income, family status and state of residence, including:

- health insurance coverage as a dependent under a spouse's or parent's ESI.

EXHIBIT 3

SHARE OF INDIVIDUALS WITHOUT HEALTH INSURANCE COVERAGE BY STATE, 2019



* States that have opted to expand their Medicaid programs since 2019.

Note: Data are for the civilian, noninstitutionalized population.

Source: U.S. Census Bureau



Texas' uninsured rate is an ongoing issue that will continue to grow if not addressed.

- continuation of health coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA), which allows workers who lose health insurance coverage due to certain qualifying events, most notably loss of employment, to continue coverage provided by their group health plan. COBRA benefits generally last for 18 months, with extensions for certain circumstances. Its coverage, however, is too expensive for many unemployed workers, since recipients must pay the full premium plus a 2 percent administration fee.
- short-term plans that offer health insurance coverage with limited benefits at lower premiums for a period of up to one year, depending on the state.

WHAT TO DO?

Uninsured Texans are demographically and geographically diverse, making a “one-size-fits-all” solution unrealistic. When considering policies to address the state’s high uninsured rate, a variety of strategies should be considered.

Additional investments in outreach and enrollment assistance for public insurance programs and market-based insurance coverage could help increase the

number of Texans with health coverage. Digital health solutions, including telemedicine and remote patient monitoring, also can help expand the capacity of our current health care system, which — plagued as it is by doctor shortages and high costs — often fails to reach Texas’ neediest families.

To reduce the number of uninsured resulting from the pandemic, of course, any actions that keep people employed can help. Earlier this year, Congress created the Paycheck Protection Program, which incentivized small businesses to retain workers through 1 percent loans that are forgiven entirely if the funds are used for approved purposes; at least 60 percent of the loans must be used for employee payroll. According to the U.S. Small Business Administration, small businesses received more than \$525 billion in these loans through the program’s close on Aug. 8, 2020. Texas businesses received \$41.3 billion of this amount.

Some have proposed public-private solutions to address increases in the uninsured. Earlier in the year, the Texas Public Policy Foundation (TPPF) proposed a federal Workforce Recovery Act in response to the pandemic; it would include a national “business-interruption” insurance plan based on precedents such as the federal Terrorism Risk Insurance Program, which provides a mix of public and private compensation for losses resulting from acts of terrorism. TPPF’s plan would provide coverage for payroll, operating costs and rent and debt payments.

Although the pandemic is exacerbating the problem, Texas’ uninsured rate is an ongoing issue that will continue to grow if not addressed. **FN**

“Local Funds”: State Money Outside the Treasury

By Shannon Halbrook

NEW REPORT ADDRESSES LITTLE-KNOWN STATE FUNDS

In August 2017, *Fiscal Notes* reported on state funds held outside the state Treasury, also called “local” funds. These funds are controlled directly by state agencies and institutions of higher education outside the Texas Legislature’s regular budgeting and appropriations process, a characteristic that sometimes has made them controversial during budget negotiations.

Local funds give agencies greater operating flexibility. But because they are largely exempt from the state’s usual budgeting and reporting mechanisms, they can pose various challenges concerning transparency, efficiency and oversight.

Regarding transparency, Associate Deputy Comptroller Phillip Ashley explains, “Local funds are typically not part of state budget deliberations, not part of the financial information we report to the Legislature and generally not part of our accounting system. In comparison to normal state funds, the Comptroller’s office has little information on funds held outside the Treasury.”

Until recently, Texas had no single, readily available source for basic information on these local funds — even for how many exist or how much money they hold. A new biennial report, however, first issued by the Legislative Budget Board (LBB) in 2019, sheds some light on these funds and will provide vital information next year as the Legislature convenes.

LOCAL FUND BASICS

Most state revenue is held in the state’s Treasury and appropriated by the Legislature every two years during the normal budgeting process.

But certain state agencies and institutions of higher education are authorized to keep funds in accounts outside the state Treasury, where they are not subject to appropriation by the Legislature. Those may include bonds and trust funds, college tuition, pensions, endowments and funds for general operations. The money may be held by the investment arm of the Comptroller’s office, the Texas Treasury Safekeeping Trust Co. (TTSTC), or in private financial institutions.

Local funds must be created specifically by statute. “When a bill gets passed to create a fund or account and exempt it in that session’s funds consolidation bill, it needs to clearly state whether it’s in the Treasury or not,” says Rob Coleman, CPA’s director of fiscal management. “New money coming in goes to state general revenue unless a bill explicitly directs it elsewhere.”

The Comptroller’s 2017 article described four types of local funds: operating, custodial, bond and trust



Local funds give agencies greater operating flexibility, but pose various challenges concerning transparency, efficiency and oversight.

funds, categories prescribed in the Comptroller’s annual financial reporting guidance for state agencies and institutions of higher education. Although most funds are held in investments, some are in cash or have a cash-equivalent value. In 2017, the LBB estimated local operating funds — used for “daily operations,” as the agency defines them — comprised 76 percent of the

“Local Funds”: State Money Outside the Treasury



Funds outside the Treasury are off-limits for revenue certification.

Treasury. The Comptroller’s office also helps provide important oversight of funds within the Treasury through an audit program that periodically reviews agency expenditures to ensure payroll, purchase, procurement and travel expenditures comply with state law.

But the Comptroller often can’t provide the same oversight for local funds because, in many cases, the funds are kept on deposit with a separate financial institution, and their

day-to-day activity doesn’t flow through the state’s accounting systems. In addition, the Comptroller’s expenditure audit program is authorized only to audit activity occurring within the Treasury.

Funds outside the Treasury also are off-limits for revenue certification, the constitutionally required process by which the Comptroller provides lawmakers with an estimate of state revenue so they can write the biennial budget. “Texas is a pay-as-you-go state,” says Ashley. “The budget has to be within available revenue as certified by the Comptroller. But that only includes funds in the Treasury.”

House Bill 3745, approved in 2019, provides a recent example affecting the \$1.7 billion Texas Emissions Reduction Plan (TERP) account in the Treasury. The new law created a Texas Emissions Reduction Plan Trust outside the Treasury, to be managed as a local fund by the Texas Commission on Environmental Quality.

In fiscal 2022 and beyond, any new revenue coming in from the sources dedicated to the TERP account will be deposited in the Texas Emissions Reduction Plan Trust. (The balance in the original TERP account will not move and will remain available for certification.) The loss of revenue for certification will be offset by the fact that the Legislature no longer will have to appropriate funds to cover TERP expenditures.

When the Texas Division of Emergency Management was moved to the Texas A&M University System in 2016, on the other hand, some suggested its funding be moved outside the Treasury to “make for easier processing and to align with other A&M processes that use local money,” says Coleman. The move ultimately didn’t happen, in part due to concerns that the agency’s estimated \$3.5 billion in federal funding for the biennium wouldn’t flow through the state’s financial systems, resulting in reduced information on a significant amount of funding.

value of all state cash and cash-equivalent funds held outside the Treasury in 2015.

THE DEBATE OVER LOCAL FUNDS

Agencies can spend money from local funds with less red tape. They may possess specialized knowledge of their programs or activities, making them better equipped for certain spending decisions. The management of pension funds is a good example, Ashley says.

“For the bulk of funds outside the Treasury, I think it’s logical and makes good sense to do it that way,” he says. “For example, it would be impractical to try to manage the complex investment activities of a pension fund via the appropriations process, and the Legislature has other means of providing oversight for pensions, including dedicated committees to review pension issues.”

But not all local funds are comparable to pensions — particularly those used for daily operations, which the LBB describes as “similar to funds provided through the appropriations process.”

The Texas Constitution grants the Legislature the sole power of the purse, or “the power to set policy priorities via spending decisions,” says Ashley. “When money is moved outside the Treasury, it takes it out of the appropriations process and out of the usual prioritization process.”

Local funds can be a challenge for the Comptroller’s office as well. As the state’s chief financial officer, the Comptroller’s job is to provide lawmakers with accurate information on state revenues, spending and available account balances to guide their decisions. The Comptroller’s *State of Texas Annual Cash Report*, published each November, provides fiscal year beginning and ending balance information and revenue and expenditure activity for funds held in the

According to Coleman, the struggle to balance the budget during the 2007-09 financial crisis led to far greater scrutiny of local funds. “Due to the recession, it was more important than ever for the Legislature to scrutinize every dollar and look for any opportunity to leverage the state’s revenue to the greatest extent possible,” he says.

Finally, putting increasing amounts of money into local funds can weaken Texas’ overall financial position. Though much of the \$50 billion Treasury pool is kept liquid to be available for daily operating needs, the state still reported more than \$2.8 billion in interest and investment income in fiscal 2020. Any interest or other income earned on local funds, however, usually remains outside the Treasury. This means lower returns on the state’s pooled investments and less flexibility in consolidating funds to address daily cash flow needs.

NEW REPORTING REQUIREMENTS

According to a January 2017 LBB staff report, at the end of fiscal 2015 state agencies held about \$3.6 billion in cash outside the Treasury, while public institutions of higher education held about \$3.9 billion. But those were only estimates of cash value at the fiscal year’s end, as reported in the state’s annual *Comprehensive Annual Financial Report*, and did not include longer-term investments.

Putting increasing amounts of money into local funds can weaken Texas’ overall financial position.

The Legislature included a rider in the 2018-19 General Appropriations Act requiring the LBB and Comptroller’s office to compile more detailed biennial reports on state entities’ holdings in funds outside the Treasury.

With agency submissions collected by the Comptroller’s office, the LBB issued its inaugural report in February 2019. For each fund, agencies were asked to report the fund number and name, statutory basis, allowable uses, eligible programs, ending balances for fiscal 2016 through 2018 and estimated ending balances for 2019. (Many entities declined to provide 2019 projections.)

The rider requiring the report, however, didn’t require the inclusion of funds held by institutions of higher education, a significant sum. Furthermore, the report only offers a snapshot of fund values at a point in time.

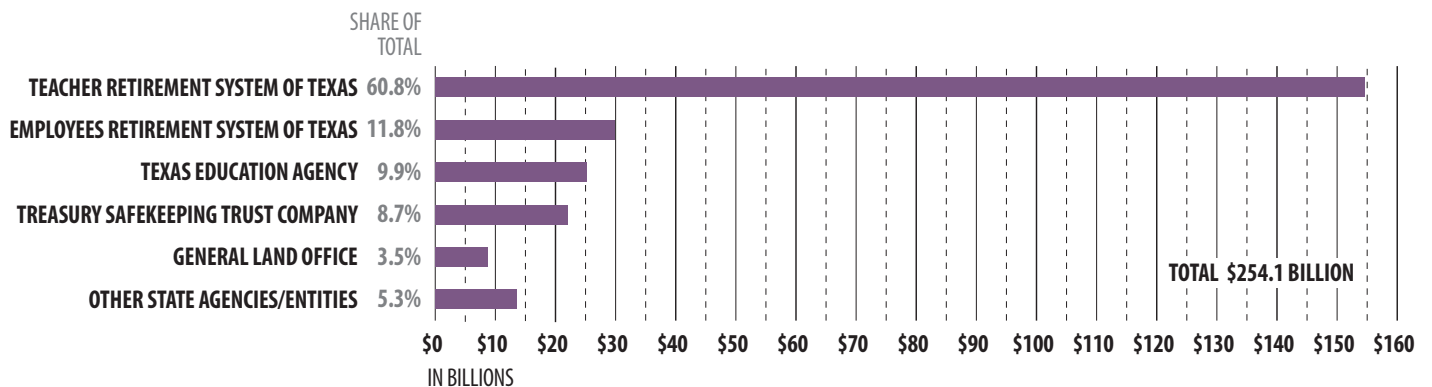
“A periodic report on funds outside the Treasury can’t provide up-to-date and real-time information regarding fund balances, revenues and expenditures, like we can for funds inside the Treasury,” says Ashley.

At the end of fiscal 2018, the 43 state agencies and entities listed in the report held \$285.8 billion in noncash investments and \$2.4 billion in cash and cash equivalents outside the Treasury. Less allowances and liabilities, the total was \$254.1 billion, of which 94 percent was held by five agencies with major investment portfolios (**Exhibit 1**). Pension funds made up the majority, with the Teacher Retirement System holding 60.8 percent and Employees Retirement System another 11.8 percent.

The funds held in cash and cash equivalents (such as federal obligation investments) has decreased by

EXHIBIT 1

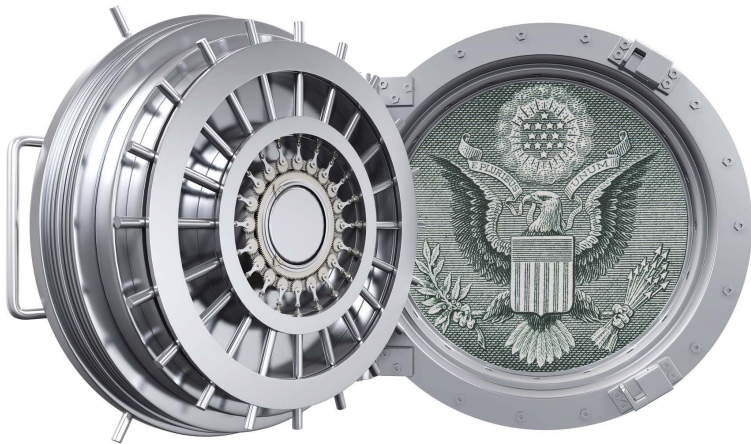
FUNDS HELD OUTSIDE THE TREASURY, END OF FISCAL 2018



Note: Total includes cash, cash equivalents and noncash investments (less other sources/uses net of allowances and liabilities).

Source: Legislative Budget Board

“Local Funds”: State Money Outside the Treasury



WHAT HAPPENS NEXT?

Lawmakers will face tough choices as the 2022-23 budget process unfolds. A simple but crucial question during those negotiations will be: How much money does the state actually have? For the Comptroller’s office, state agencies and legislators, next year’s LBB report will help answer that more fully. The House Appropriations Committee also was charged to investigate such funds before the next legislative session begins in January.

Ultimately, most local funds are held outside the Treasury for good reasons, and Ashley notes that the Comptroller’s office generally doesn’t take a position on individual funds or pieces of legislation.

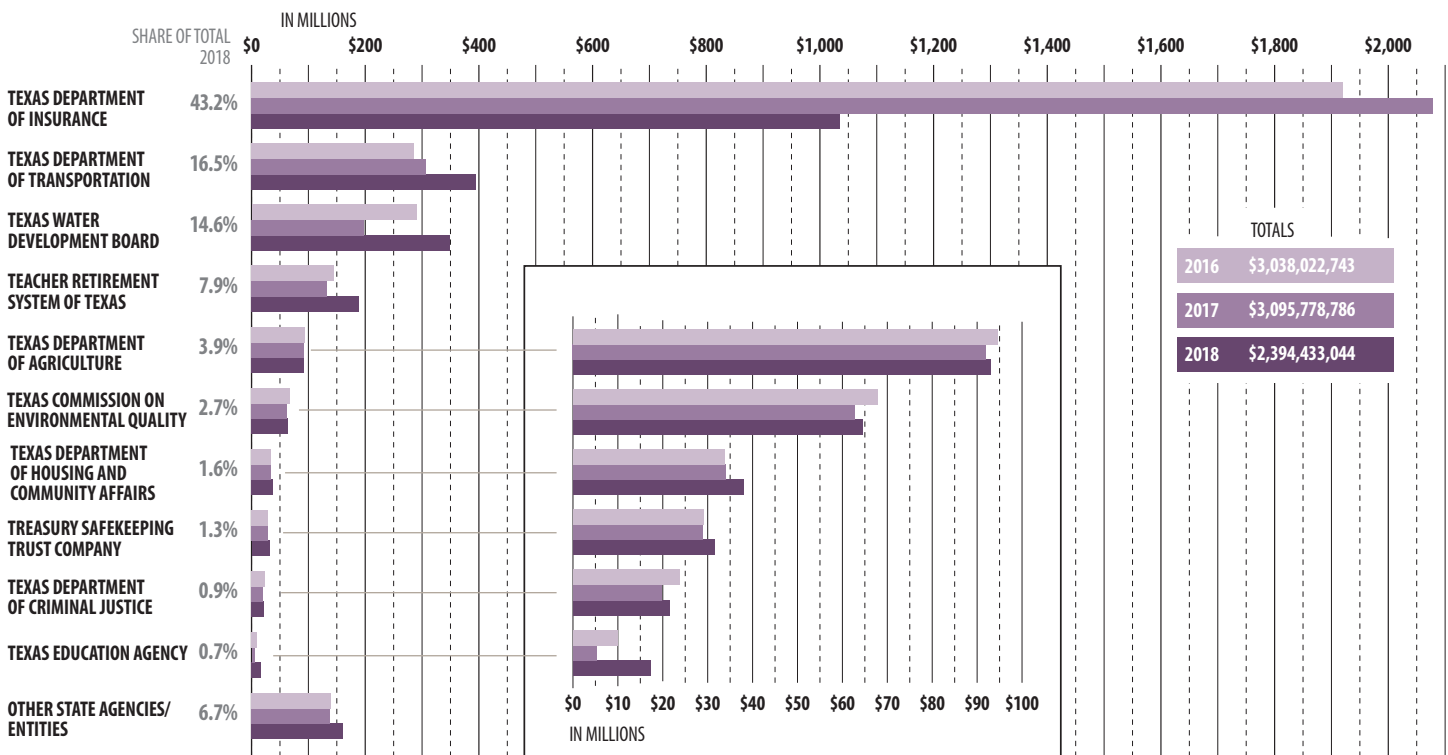
“Any one particular fund ... is too small to move the needle,” he says. “But we want to ensure the Legislature and other stakeholders stay generally informed about the amounts, differences and distinctions between funds in the Treasury versus outside it.” **FN**

more than a half-billion dollars since 2016 (**Exhibit 2**). The Texas Department of Insurance holds 43.2 percent of those funds.

Coleman acknowledges the report is “high level” but says, “it could be a good way to identify local funds information and how the agencies are using the balances.”

EXHIBIT 2

CASH AND CASH EQUIVALENTS HELD OUTSIDE THE TREASURY, 2016-2018



Note: Total includes cash, cash equivalents and noncash investments (less other sources/uses net of allowances and liabilities).

Sources: Legislative Budget Board and Texas Comptroller of Public Accounts

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 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	SEPTEMBER 2020	YEAR TO DATE: TOTAL	YEAR TO DATE: CHANGE FROM PREVIOUS YEAR
SALES TAX	\$2,572,698	\$2,572,698	-6.11%
PERCENT CHANGE FROM SEPTEMBER 2019	-6.11%		
MOTOR VEHICLE SALES AND RENTAL TAXES	454,263	454,263	4.35%
PERCENT CHANGE FROM SEPTEMBER 2019	4.35%		
MOTOR FUEL TAXES	294,125	294,125	-9.67%
PERCENT CHANGE FROM SEPTEMBER 2019	-9.67%		
FRANCHISE TAX	48,460	48,460	370.85%
PERCENT CHANGE FROM SEPTEMBER 2019	370.85%		
OIL PRODUCTION TAX	227,499	227,499	-31.92%
PERCENT CHANGE FROM SEPTEMBER 2019	-31.92%		
INSURANCE TAXES	26,070	26,070	-23.36%
PERCENT CHANGE FROM SEPTEMBER 2019	-23.36%		
CIGARETTE AND TOBACCO TAXES	130,542	130,542	124.63%
PERCENT CHANGE FROM SEPTEMBER 2019	124.63%		
NATURAL GAS PRODUCTION TAX	70,948	70,948	-28.06%
PERCENT CHANGE FROM SEPTEMBER 2019	-28.06%		
ALCOHOLIC BEVERAGES TAXES	77,946	77,946	-33.68%
PERCENT CHANGE FROM SEPTEMBER 2019	-33.68%		
HOTEL OCCUPANCY TAX	34,204	34,204	-36.85%
PERCENT CHANGE FROM SEPTEMBER 2019	-36.85%		
UTILITY TAXES¹	3,471	3,471	129.34%
PERCENT CHANGE FROM SEPTEMBER 2019	129.34%		
OTHER TAXES²	5,269	5,269	-67.28%
PERCENT CHANGE FROM SEPTEMBER 2019	-67.28%		
TOTAL TAX COLLECTIONS	\$3,945,495	\$3,945,495	-6.63%
PERCENT CHANGE FROM SEPTEMBER 2019	-6.63%		
Revenue By Source	SEPTEMBER 2020	YEAR TO DATE: TOTAL	YEAR TO DATE: CHANGE FROM PREVIOUS YEAR
TOTAL TAX COLLECTIONS	\$3,945,495	\$3,945,495	-6.63%
PERCENT CHANGE FROM SEPTEMBER 2019	-6.63%		
FEDERAL INCOME	5,978,667	5,978,667	45.80%
PERCENT CHANGE FROM SEPTEMBER 2019	45.80%		
LICENSES, FEES, FINES AND PENALTIES	676,937	676,937	4.21%
PERCENT CHANGE FROM SEPTEMBER 2019	4.21%		
STATE HEALTH SERVICE FEES AND REBATES³	7,640	7,640	-98.77%
PERCENT CHANGE FROM SEPTEMBER 2019	-98.77%		
NET LOTTERY PROCEEDS⁴	257,320	257,320	58.94%
PERCENT CHANGE FROM SEPTEMBER 2019	58.94%		
LAND INCOME	141,037	141,037	-25.94%
PERCENT CHANGE FROM SEPTEMBER 2019	-25.94%		
INTEREST AND INVESTMENT INCOME	288,154	288,154	-41.62%
PERCENT CHANGE FROM SEPTEMBER 2019	-41.62%		
SETTLEMENTS OF CLAIMS	22,425	22,425	839.37%
PERCENT CHANGE FROM SEPTEMBER 2019	839.37%		
ESCHEATED ESTATES	18,566	18,566	55.23%
PERCENT CHANGE FROM SEPTEMBER 2019	55.23%		
SALES OF GOODS AND SERVICES	37,013	37,013	40.98%
PERCENT CHANGE FROM SEPTEMBER 2019	40.98%		
OTHER REVENUE	121,230	121,230	-19.19%
PERCENT CHANGE FROM SEPTEMBER 2019	-19.19%		
TOTAL NET REVENUE	\$11,494,484	\$11,494,484	8.09%
PERCENT CHANGE FROM SEPTEMBER 2019	8.09%		

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

² Includes taxes not separately listed, such as taxes on oil well services, coin-operated amusement machines, cement and combative sports admissions as well as refunds to employers of certain welfare recipients.

³ Includes various health-related service fees and rebates that were previously in "license, fees, fines and penalties" or in other non-tax revenue categories.

⁴ Gross sales less retailer commission and the smaller prizes paid by retailers.

Notes: Totals may not add due to rounding. Excludes local funds and deposits by certain semi-independent agencies.

Includes certain state revenues that are deposited in the State Treasury but not appropriated.



FISCAL NOTES

Texas Comptroller of Public Accounts
Communications and Information Services Division
111 E. 17th St., Suite 301, Austin, TX 78774-0100

FIRST-CLASS MAIL
PRESORTED
US POSTAGE PAID
AUSTIN TX
PERMIT NO. 1411

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.

Articles and analysis appearing in *Fiscal Notes* do not necessarily represent the policy or endorsement of the Texas Comptroller of Public Accounts.

Space is devoted to a wide variety of topics of Texas interest and general government concern.

Fiscal Notes is not copyrighted and may be reproduced. The Texas Comptroller of Public Accounts would appreciate credit for material used and a copy of the reprint.

FIELD OFFICES

Find a list of all Comptroller field offices at comptroller.texas.gov/about/contact/locations.php.

ONLINE SUBSCRIPTIONS, RENEWALS OR CANCELLATIONS of *Fiscal Notes* may be entered at comptroller.texas.gov/economy/fiscal-notes. Send questions or comments to fiscal.notes@cpa.texas.gov

HOW TO REACH US

Contact the Communications and Information Services Division at 800-252-5555 (VOICE), 512-463-4226 (FAX).

OR WRITE *Fiscal Notes*, Texas Comptroller of Public Accounts
Communications and Information Services Division
111 E. 17th St., Suite 301, Austin, TX 78774-0100

In compliance with the Americans with Disabilities Act, this document is available in a reader-friendly format at comptroller.texas.gov/economy/fiscal-notes.

Texas Comptroller of Public Accounts
Publication #96-369,

October 2020