NOVEMBER 2016

FISCAL NOTES

ALSO INSIDE THIS ISSUE:

Tax Volatility

By Bruce Wright and Gregory Conte

Every two years, the Texas Legislature convenes to draft a new state budget for the upcoming biennium, balancing the need for government programs against the funding available to meet them. And while the Texas economy delivers a generally dependable stream of revenue to state coffers, collections of the various taxes comprising that revenue stream can and do vary from year to year, sometimes quite dramatically.

This "volatility" makes the Comptroller's job of estimating future tax revenues challenging — and calls for extra care when legislators write the state's budget.

VOLATILITY VARIES

Some taxes are more volatile than others — a *lot* more.

Texas' motor fuels, cigarettes and alcohol taxes are all examples of more-or-less stable taxes, with relatively steady and predictable revenue growth from year to year.

Other taxes, however, can be highly volatile, and difficult to forecast. To anyone who followed the roller coaster ride of Texas' recent shale boom and its aftermath, it will be no surprise to learn that our oil and natural gas production taxes are by far the state's most volatile major taxes.

A recent Comptroller report to the Legislature gauged the relative volatility of Texas' major revenue sources through an index (**Exhibit 1**). In this index, a value of zero would represent a tax showing no volatility at all, producing returns that never deviate from longer-term trends. No such tax exists, of course. A higher index value indicates greater relative volatility — more deviation from the tax's historical trend over time.

WHAT DRIVES VOLATILITY?

Different taxes are affected by different aspects of the Texas economy and population, as well as other factors such as legislation and changing consumer preferences.

In **Exhibit 1**, note the gap between energy production taxes and the other major taxes. Oil and gas tax collections are highly dependent on market prices, global economic conditions, the actions of other producing nations, consumer demand and the

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A Message from the Comptroller

One of the biggest challenges facing my office is estimating the revenues our state taxes are likely to bring in over time. It's also a major concern for legislators as they grapple with writing a two-year state budget — particularly when that budget looks to be tight, as it does for 2017.

The trouble is, demands for state spending have grown pretty steadily over time, but tax collections aren't nearly as stable. They can be affected, sometimes quite dramatically, by a host of factors including changes in the state and national economies, energy prices, state and federal legislation and even consumer preferences.

In this issue, we examine the way in which tax collections rise and fall, or tax "volatility," and some of the factors driving it. Tax volatility may seem like an academic concern, but it can have real-world effects on the state budget and the people and organizations that depend on state funding.

We also examine a recent policy statement by the Governmental Accounting Standards Board (GASB), the entity that sets accounting standards for state and local governments. This statement, called GASB 77, will greatly improve the transparency of various tax incentives granted in exchange for economic development.

GASB 77 will force state and local governments to report hard-dollar figures on the cost of tax incentives used to bargain for business relocations, increased hiring and infrastructure investment. It's an important step toward ensuring government accountability for deals made with private entities.

As always, I hope you enjoy this issue!

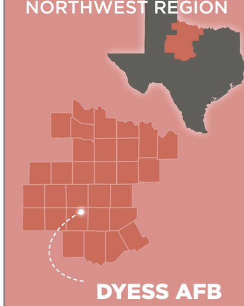
GLENN HEGAR

Texas Comptroller of Public Accounts

MILITARY SNAPSHOT DYESS AFB

Texas has long been committed to our military bases and the personnel who call the Lone Star State home. As the state's chief financial officer, I appreciate the military's contribution to our economy: $136.6 billion in total annual output, $81.4 billion in gross state product and support for more than 806,000 Texas jobs. By detailing the economic impact of our military installations, we hope to emphasize their importance to strong, diverse and growing regional economies.

Glenn Hegar
Texas Comptroller of Public Accounts



*Note: the Central Region is one of 12 Texas economic regions defined by the Comptroller's office.

ESTIMATED CONTRIBUTIONS OF DYESS AFB TO THE TEXAS ECONOMY, 2015

DIRECT EMPLOYMENT
5,369

OUTPUT
$3.7 Billion

DIRECT AND INDIRECT EMPLOYMENT
20,208

GROSS DOMESTIC PRODUCT
$2.1 Billion

Source: Texas Comptroller of Public Accounts

DYESS AFB HAS THE LARGEST C-130J TRANSPORTER GROUP IN THE AIR FORCE.

Source: Dyess AFB

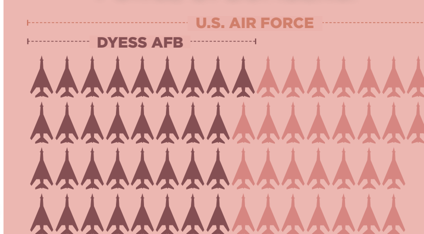
AVERAGE WAGES IN TAYLOR COUNTY, 2014

ALL JOBS
$38,732

MILITARY JOBS
$58,244

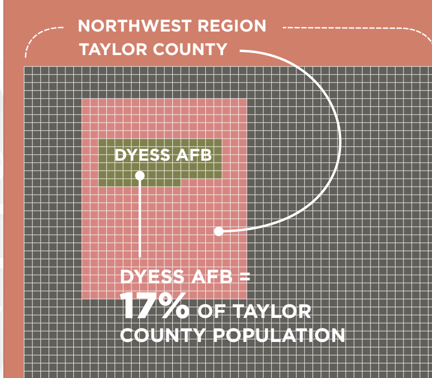
Source: Texas Comptroller of Public Accounts

DYESS AFB HOUSES MORE THAN HALF OF THE NATION'S 62 ACTIVE-FORCE B1 BOMBERS.



Sources: Dyess AFB and U.S. Air Force website

POPULATION ASSOCIATED WITH DYESS AFB



Sources: Texas Comptroller of Public Accounts, Dyess AFB and U.S. Census Bureau

ONE OUT OF EVERY SIX PEOPLE IN TAYLOR COUNTY IS ASSOCIATED WITH DYESS AFB.

THEY ARE EMPLOYEES (MILITARY, CIVILIAN AND CONTRACTOR), RETIREES AND FAMILY MEMBERS.

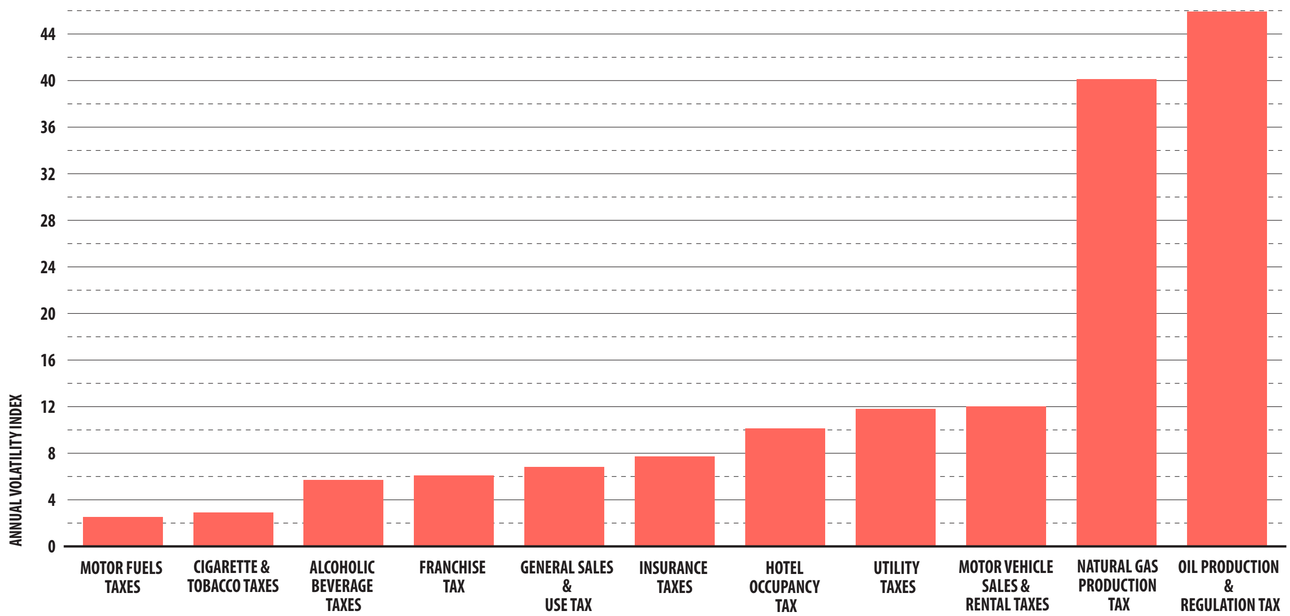
Sources: Dyess AFB and U.S. Census Bureau

DYESS AFB IS ONE OF 15 MAJOR TEXAS MILITARY INSTALLATIONS. To see a complete list of these installations, plus more in-depth regional and county-by-county data, visit:

COMPTROLLER.TEXAS.GOV/ECONOMY/ECONOMIC-DATA

EXHIBIT 1-A

INDEX VALUES OF RELATIVE ANNUAL VOLATILITY, FISCAL 1996-2015



Source: Texas Comptroller of Public Accounts

EXHIBIT 1-B

INDEX VALUES OF RELATIVE ANNUAL VOLATILITY, FISCAL 1996-2015

TAX	INDEX	SHARE OF TOTAL TAX COLLECTIONS, 2015	SHARE OF NET STATE REVENUE, 2015
Motor Fuels Taxes	2.5	6.7%	3.1%
Cigarette & Tobacco Taxes	2.9	3.0%	1.4%
Alcoholic Beverage Taxes	5.7	2.2%	1.0%
Franchise Tax	6.1	9.0%	4.3%
General Sales & Use Tax	6.8	55.9%	26.4%
Insurance Taxes	7.7	4.0%	1.9%
Hotel Occupancy Tax	10.1	1.0%	0.5%
Utility Taxes	11.8	0.9%	0.4%
Motor Vehicle Sales & Rental Taxes	12.0	8.7%	4.1%
Natural Gas Production Tax	40.1	2.5%	1.2%
Oil Production & Regulation Taxes	45.9	5.6%	2.6%

Source: Texas Comptroller of Public Accounts

emergence of new production technologies, making for extreme volatility.

Texas' motor fuels taxes are our least volatile major taxes, with an index value of just 2.5. In the last 20 years (fiscal 1996-2015), gasoline tax collections correlated closely with the steady growth of the state's population; more people equaled more cars on the road. In this period, the Texas population grew at an average annual rate of 1.9 percent, while gasoline tax revenues rose by 1.6 percent annually.

Alcoholic beverage taxes, with a 5.7 index, are affected by several factors. Alcoholic beverage excise taxes levied on wholesalers are driven largely by population growth, but consumer preference plays a role as well. Consumers have begun shifting away from traditional, mass-produced beers and toward craft ales and beers (often with greater alcohol content, and thus classified as malt liquors for tax purposes) as well as wine and spirits. Collections of the various excise taxes are reflecting this shift. Changes in mixed beverage tax collections, by contrast, largely follow personal income.

The sales tax, our largest source of tax revenue, is moderately volatile, with an index of 6.8. It has a strong relationship with nominal (that is, unadjusted for inflation) gross state product and with personal income. These are considered the most comprehensive measures

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of the Texas economy, making sales tax collections an implicit gauge of economic conditions. It's significantly better as a long-term measure, however. Sales taxes can be relatively volatile in the short term, as consumers tend to delay discretionary spending during recessions and accelerate spending during recoveries.

Insurance taxes, with a collective index of 7.7, illustrate the effects government actions can have on tax collections. In 2012, the Texas Health and Human Services Commission began moving the majority of its fee-for-service Medicaid caseload, which is not subject to our insurance premium and maintenance taxes, to Medicaid managed care, which *is* taxed. Large increases in insurance tax collections in recent years are due in part to this change.

Motor vehicle sales and rental taxes are significantly more volatile (12.0). Like the general sales tax, they're affected by general economic conditions, and consumer caution in downturns may be even greater for big-ticket items such as automobiles. Motor vehicle sales tax collections fell by 24 percent in 2009 due to the Great Recession, as job losses and economic uncertainty caused Texans to forego or delay vehicle purchases. The subsequent recovery saw double-digit collection gains in 2011 and 2012.

To forecast tax revenue, the Comptroller's revenue estimators must extrapolate from current collection trends, adjusting for any changes to the tax base. This process works well when collections grow at a fairly consistent rate, as with "stable" taxes such as the motor fuels, tobacco and alcohol taxes.

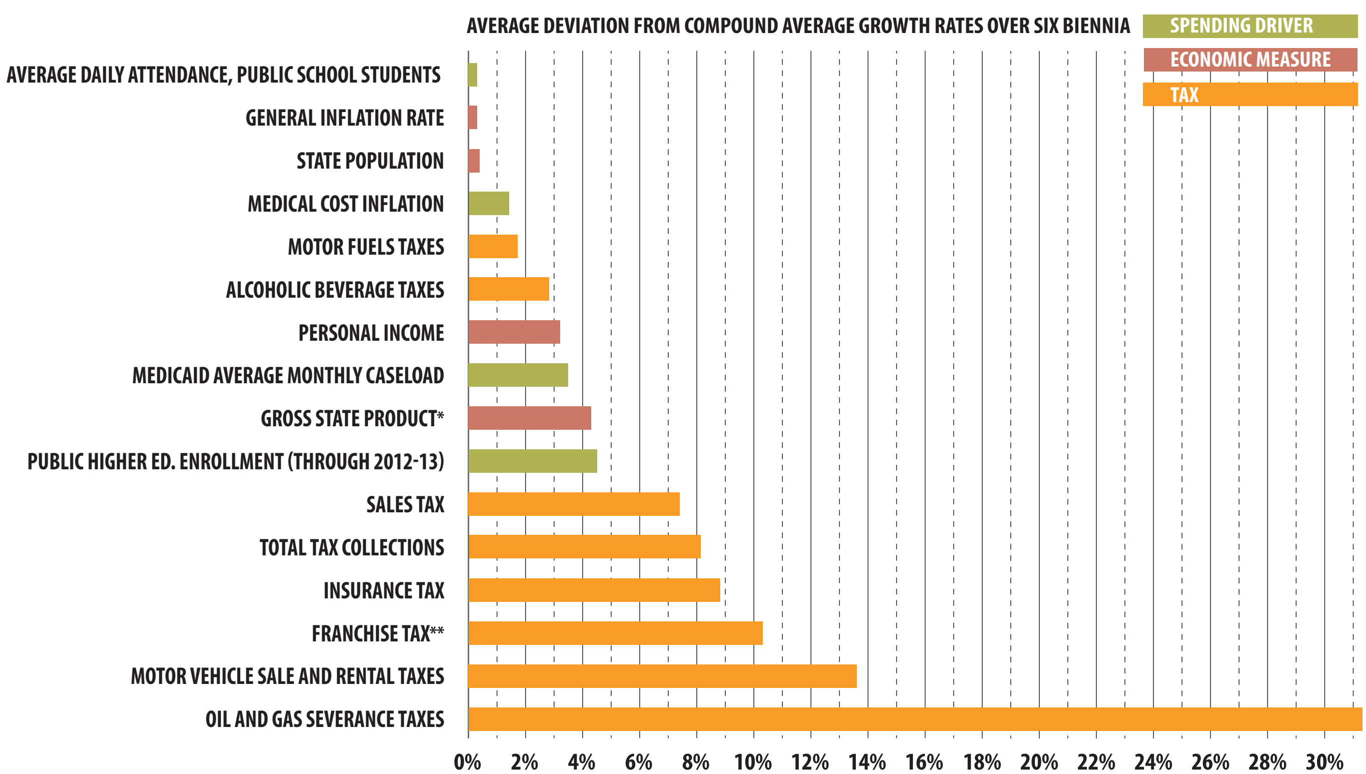
Highly volatile taxes, however — most conspicuously the oil and gas production taxes — can be extremely difficult to forecast.

TAXES ARE VOLATILE; SPENDING DEMANDS AREN'T

Another way to consider tax volatility is to compare it to the other side of the budget equation, the demand for services and the revenue needed to fund them. Texas'

EXHIBIT 2

VOLATILITY OF SELECTED SPENDING DRIVERS, TAXES AND ECONOMIC MEASURES 2004-05 TO 2014-15 BIENNIA



* Based on current dollars (unadjusted for inflation).

** Analysis from 2008-09 to 2014-15, for the margin-based tax; adjusted for tax-rate reductions.

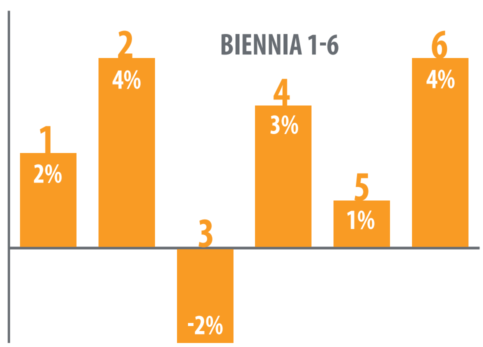
Sources: Texas Comptroller of Public Accounts, Legislative Budget Board and U.S. Bureau of Labor Statistics major taxes are far more volatile, more likely to ebb and flow each year, than are the general state economy and Texans' demand for government services (**Exhibit 2**).

This exhibit compares the volatility of Texas' major taxes both with measures of the general economy — population, inflation, personal income and gross state product — and with some of the major needs driving the state budget, such as public school enrollment and Medicaid caseloads.

The *average deviation from the compound average growth rate* represents the average of the positive or negative deviations away from the average, for six two-year state budget periods — in the case of **Exhibit 2**, from the 2004-05 biennium to 2014-15.

AVERAGE DEVIATION FROM COMPOUND AVERAGE GROWTH RATES

Say for instance that, for any six consecutive biennia, the compound average growth rate was 2 percent. The *actual* percentage growth from one biennium to the next, however, was:



Given the 2 percent average, the average deviation could be calculated by looking at the amounts by which the biennia *diverge* from that figure:

0 + 2 + 4 + 1 + 1 + 2 = 10; 10/6 = 1.7 percent average deviation.

Note the way most taxes, and total tax collections, cluster at the bottom of **Exhibit 2**, showing the highest deviation from average growth. By contrast, the growth of the general population and the public school student body, and of economic factors such as personal income and medical costs, appears remarkably steady.

Our revenue sources are more volatile than our *needs* for that revenue.

Our revenue sources are more volatile than our *needs* for that revenue.

VOLATILITY CALLS FOR CAREFUL MANAGEMENT

When making policy decisions, Texas legislators must always consider the volatility of our largest taxes. A successful November 2014 constitutional amendment, for instance, shifts a significant portion of oil and gas production tax revenues deposited in the state's "rainy day fund" to the State Highway Fund, to supplement funding for state transportation needs.

This dedication of funding, however, occurred just as state revenues from energy production were beginning to falter due to sharp declines in market prices. The rainy day fund, and thus the Highway Fund, will not receive any natural gas production tax revenue in fiscal 2017 due to the level of fiscal 2016 collections, although some oil production tax revenue will be transferred.

An additional supplement to transportation funding came in November 2015, when voters approved another constitutional amendment, Proposition 7. This amendment directs the Comptroller's office to deposit the first $2.5 billion in state sales taxes collected in excess of $28 billion to the Highway Fund each fiscal year (or $5 billion each biennium), beginning in fiscal 2018. The sales tax, again, is only moderately volatile. Yet Proposition 7 *also* calls for the dedication of some motor vehicle sales taxes to transportation beginning in fiscal 2020, and this tax is the *most* volatile of Texas' important taxes other than oil and gas production levies.

Given the rapid growth in Texas' population and infrastructure needs, any loss of dollars going to the Highway Fund is likely to draw the attention of both legislators and the public. It's a situation that illustrates the continuing challenge of matching volatile revenue sources with the steady growth of state spending needs. **FN**

For more information on the volatility of Texas taxes, visit Comptroller.Texas.Gov and search for "HB 32 report."

Tax Incentives and GASB 77

By TJ Costello and Gregory Conte

NEW TRANSPARENCY FOR TAX BREAKS

It's a common if controversial practice: governments offering tax incentives to lure or retain businesses within their jurisdictions.

A survey produced by the International City/County Management Association found that 95 percent of U.S. local governments offer some form of tax-related business incentives. Of this group, nearly 69 percent offer tax abatements and credits.

The specific reasons for these tax breaks vary, but the basic strategy is usually the same: giving up or diverting some tax revenue in exchange for additional jobs, capital investments and increased economic activity, to enhance a prosperous community or revitalize a blighted one.

A persistent concern about such tax incentives, however, is the basic question of how well they work. Are they in fact generating the promised economic benefits? Are governments and communities getting their money's worth? And the answers to such questions aren't always easy to get.

A recent statement issued by the Governmental Accounting Standards Board (GASB) is intended to bring greater transparency to governmental uses of tax incentives, yielding the sort of information governments and citizens alike can use to judge their merits.

GASB 77

GASB is a private organization that develops and issues accounting and financial standards for U.S. state and local governments. These standards are intended to improve financial transparency so those reviewing government financial statements, whether bond holders, oversight bodies or taxpayers, have the information they need to better understand how well a government is managing its resources.

GASB's standards aren't legally binding, but some states including Texas invest them with this authority, and auditors of government financial statements interpret them through the lens of GASB standards and principles when determining whether they're fairly presented.

Periodically, GASB issues statements to add to or refine its standards. One of these issued in August 2015, *GASB Statement No. 77: Tax Abatement Disclosures*, calls for greater scrutiny of tax-based incentives intended for economic development.

GASB 77 applies to reductions in state or local tax revenue resulting from an agreement in which one or more governments promise to forgo those revenues in exchange for a business's promise to take a specific

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BUSINESS INCENTIVE PROGRAMS IN TEXAS

Texas state and local governments offer a wide variety of incentive programs designed to retain and attract business investment. Note: **Not all of these programs will require GASB 77 reporting**; government entities should consult with their advisors to determine reporting obligations.

Among others, these programs include:

STATE INCENTIVES

The **Skills Development Fund**, established in 1995 and administered by the Texas Workforce Commission, provides grants to support the development of customized job training by partnerships between private companies and community and technical colleges, as well as other partners that may include trade unions, community organizations and local Workforce Development Boards.

The **Texas Enterprise Fund**, administered by the Economic Development & Tourism division of the Texas Governor's Office, is a "deal-closing" mechanism that provides incentive funding in cases in which a Texas site is competing with out-of-state options for a major business development that promises significant employment and capital investment.

The **Texas Enterprise Zone Program**, established in 1983, allows communities (with state approval) to designate economically distressed areas as "enterprise zones"; businesses in these zones may receive refunds of state sales and use tax in exchange for investments and job creation.

The **Texas Capital Fund Infrastructure Development and Real Estate Programs (INFRA/RE)** provide funding to cities and counties that can be used for public infrastructure and real estate development to assist businesses that create permanent jobs.

Since 2014, Texas has offered **franchise tax deductions** to companies that move their principal place of business from another state to Texas.

LOCAL INCENTIVES

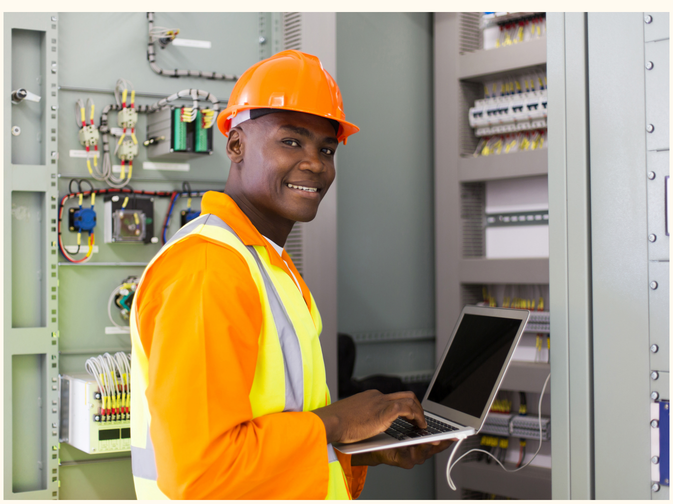
Chapter 380 of the Texas Local Government Code allows cities to provide loans and grants as well as staff assistance to projects promoting economic development. **Chapter 381** allows counties to provide loans and grants in exchange for business location and commercial activity.

Texas Tax Code **Chapters 311** and **312** allow cities, counties and special districts to offer businesses a complete or partial abatement on property taxes associated with improvements to property for up to 10 years, in exchange for specific improvements or repairs to the property.

Tax Code **Chapter 313** allows public school districts to offer businesses a 10-year limitation on property value for a portion of the property tax in exchange for investment and the creation of jobs meeting certain requirements.

With voter approval, Texas cities can levy special local sales taxes, called the **Type A and Type B sales taxes**, to fund economic development programs. Cities must form economic development corporations to administer this funding.

Type A revenue is generally used to promote manufacturing and industrial development, and may be used to fund land, buildings, equipment and infrastructure for approved projects. Type B revenue may be used for all projects funded by Type A as well as other purposes, such as "quality of life" improvements that make areas more attractive to business, including sports and athletic facilities, tourism and entertainment facilities, convention facilities and public parks.



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action that contributes to economic development or otherwise benefits the governments or the citizens they serve.

WHAT GASB 77 REQUIRES

GASB 77 requires governments to disclose information about economic development arrangements that reduce tax revenues. The newly required disclosures include:

- the purpose of the tax break;
- the tax being affected;
- dollar amount of taxes foregone per reporting period;
- the types of commitments made by the recipient;
- provisions for recapturing foregone taxes if the commitments aren't met; and
- other commitments made by a government in tax abatement agreements, such as the construction of infrastructure assets.

Under GASB 77's definition, these reductions include tax abatements, credits and refunds and other incentives offered in exchange for a benefit from a private business.

GASB 77 covers fiscal years starting in calendar 2016 and beyond. (This includes part of Texas' fiscal 2017.) It requires state and local governments to disclose information about various tax incentives offered to private interests in exchange for public benefits, so that the public has essential information about the agreements and their impact on the government's finances.

GASB 77 will require governments to present information on the scope and purpose of tax breaks offered for economic development, and to report the gross-dollar amount, on an accrual basis, by which the government's tax revenues are reduced during each reporting period as a result of these agreements.

A ONE-SIDED REQUIREMENT?

The GASB 77 disclosures have been criticized as incomplete and one-sided, in that they require jurisdictions to report costs but not the expected returns from the arrangements.

Some state programs may qualify as "tax abatements" under GASB 77, such as the state's Enterprise Zone Program.

In a response to an initial draft of the statement, the Government Finance Officers Association, International City/County Management Association, National League of Cities, National Association of Counties and U.S. Conference of Mayors issued a joint letter saying that as written, GASB 77 wouldn't fulfill its specified purpose, stating that:

> Including only a disclosure about the abated tax revenue, without any mention of the return on investment analysis that preceded it or a discussion of the benefits expected as part of this agreement, only tells part of the story….

A working group representing Novogradac & Company LLP, a national accounting and consulting firm, also responded to the GASB 77 draft:

> … we would recommend that the disclosure requirements include the *expected outcomes* resulting from the tax credit investments …. [O]mitting these impacts … [makes] them appear to be a liability on state and local governments in their financial statements. [Italics ours]

In response, GASB suggested the entities required to report incentive costs under GASB 77 could include information about the past and expected financial benefits of such arrangements in their financial reports' introductory sections.

GASB concluded the statement wasn't intended to "provide information needed to evaluate the effectiveness of tax abatement programs," noting the benefits should ultimately be reflected in the government's tax revenues and financial statements.

Some financial experts believe it may be appropriate to discuss expected benefits from tax breaks in the Management's Discussion and Analysis (MD&A) narrative section of the financial report. The GASB-required MD&A introduces the entity's financial statements by providing an analytical overview of its financial activities. GASB stipulates, however, that the MD&A include only *factual* information, not *expectations*.

COMPLYING WITH GASB 77

For many governments, complying with GASB 77 requirements will be a challenge. One of the more significant obstacles is the need to determine which parts of an economic development strategy may fall under GASB's umbrella of "tax abatements."

To fall under GASB 77, a tax incentive must possess three essential characteristics:

- it is the product of an *agreement*, not necessarily in writing or legally enforceable, in effect *prior* to the granting of a tax break, whereby the government promises to reduce a specific entity's tax liability in return for the latter's promise to take certain actions.
- it is intended to promote a *public purpose* — economic development or some other benefit to government or its citizens.
- it affects a *tax* rather than a fee, charge or other revenue source.

STATE AND LOCAL RESPONSIBILITIES

The Comptroller's office has conducted extensive research to determine what effect, if any, GASB 77 will have on Texas state government. The key criterion is whether or not a state entity foregoes tax revenues based on a *prior agreement* with an individual or entity. This agreement could be very broad-based, considering that GASB 77's definition of tax abatements appears to include tax credits and refunds as well as abatements (as strictly defined).

Upon careful evaluation, the agency has determined some state programs may qualify as "tax abatements" under GASB 77, such as the state's Enterprise Zone Program, which offers businesses state sales and use tax refunds on qualified purchases in exchange for creating jobs and investment in economically distressed areas.

But most activity affected by GASB 77 occurs at the local level, and these local governments will bear sole responsibility for reporting on their tax incentives.

One of the largest such programs is the Texas Economic Development Act, commonly called Chapter 313 for its place in the Texas Tax Code. Chapter 313 allows Texas public school districts to enter into agreements offering businesses a 10-year limitation on their property's assessed value for maintenance and operations (M&O) property tax purposes in exchange for building facilities and creating jobs in the district.

While the state largely underwrites the cost of this program through state school finance funding formulas,

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the actual tax loss occurs at the school district level. School districts may have to report these agreements under GASB 77, and should check with their accounting and finance professionals on how to proceed.

A NEW REPORTING DUTY

Given the large number of taxing jurisdictions offering tax incentives in exchange for economic development efforts, and increasing public scrutiny of these arrangements, GASB issued Statement 77 to bring greater transparency to the short-and long-term effects of such programs on government finances. As GASB project manager Pam Dolan recently stated, due to the wide variety of tax incentive programs, governments should review all of them to "determine which ones meet the definition in GASB 77."

Our research indicates GASB 77 reporting may be a larger task for local entities than the state. Local governmental entities and their economic development arms should consult with their accountants and financial advisors to determine whether any of their programs constitute a reportable tax abatement. **FN**

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 **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	OCTOBER 2016	YEAR TO DATE: TOTAL	YEAR TO DATE: CHANGE FROM PREVIOUS YEAR
SALES TAX	$2,298,981	$4,433,424	-1.80%
PERCENT CHANGE FROM OCTOBER 2015	0.24%		
MOTOR VEHICLE SALES AND RENTAL TAXES	395,975	791,818	-4.73%
PERCENT CHANGE FROM OCTOBER 2015	-4.62%		
MOTOR FUEL TAXES	298,574	592,595	-1.34%
PERCENT CHANGE FROM OCTOBER 2015	2.12%		
FRANCHISE TAX	-56,880	-95,097	87.36%
PERCENT CHANGE FROM OCTOBER 2015	208.78%		
INSURANCE TAXES	16,314	32,971	-7.70%
PERCENT CHANGE FROM OCTOBER 2015	-18.99%		
NATURAL GAS PRODUCTION TAX	86,453	145,421	-1.86%
PERCENT CHANGE FROM OCTOBER 2015	9.32%		
CIGARETTE AND TOBACCO TAXES	113,456	241,045	37.78%
PERCENT CHANGE FROM OCTOBER 2015	3.47%		
ALCOHOLIC BEVERAGES TAXES	101,092	194,973	14.40%
PERCENT CHANGE FROM OCTOBER 2015	32.80%		
OIL PRODUCTION AND REGULATION TAXES	137,509	294,399	-8.67%
PERCENT CHANGE FROM OCTOBER 2015	-14.81%		
UTILITY TAXES[1]	87,680	86,309	18.59%
PERCENT CHANGE FROM OCTOBER 2015	22.12%		
HOTEL OCCUPANCY TAX	42,253	84,524	1.15%
PERCENT CHANGE FROM OCTOBER 2015	7.07%		
OTHER TAXES[2]	12,789	20,237	7.95%
PERCENT CHANGE FROM OCTOBER 2015	17.61%		
TOTAL TAX COLLECTIONS	**$3,534,197**	**$6,822,619**	**-1.44%**
PERCENT CHANGE FROM OCTOBER 2015	**-0.47%**		

Revenue By Source	OCTOBER 2016	YEAR TO DATE: TOTAL	YEAR TO DATE: CHANGE FROM PREVIOUS YEAR
TOTAL TAX COLLECTIONS	$3,534,197	$6,822,619	-1.44%
PERCENT CHANGE FROM OCTOBER 2015	-0.47%		
FEDERAL INCOME	2,815,679	6,407,401	-2.12%
PERCENT CHANGE FROM OCTOBER 2015	-18.62%		
LICENSES, FEES, FINES AND PENALTIES	704,159	2,037,946	2.62%
PERCENT CHANGE FROM OCTOBER 2015	-39.55%		
INTEREST AND INVESTMENT INCOME	68,614	105,708	76.93%
PERCENT CHANGE FROM OCTOBER 2015	259.39%		
NET LOTTERY PROCEEDS[3]	137,142	276,720	-13.39%
PERCENT CHANGE FROM OCTOBER 2015	-4.78%		
SALES OF GOODS AND SERVICES	19,480	46,149	-10.31%
PERCENT CHANGE FROM OCTOBER 2015	-34.55%		
SETTLEMENTS OF CLAIMS	1,927	5,006	-50.42%
PERCENT CHANGE FROM OCTOBER 2015	-41.76%		
LAND INCOME	73,904	242,076	23.04%
PERCENT CHANGE FROM OCTOBER 2015	-22.56%		
CONTRIBUTIONS TO EMPLOYEE BENEFITS	-729	-725	-9,102.58%
PERCENT CHANGE FROM OCTOBER 2015	-15,741.33%		
OTHER REVENUE	573,994	887,760	10.82%
PERCENT CHANGE FROM OCTOBER 2015	2.51%		
TOTAL NET REVENUE	**$7,928,366**	**$16,830,661**	**-0.37%**
PERCENT CHANGE FROM OCTOBER 2015	**-12.17%**		

[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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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.

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