

December 12, 2011

The Honorable Rick Perry, Governor
The Honorable David Dewhurst, Lieutenant Governor
The Honorable Joseph R. Straus, III, Speaker of the House
Members of the 82nd Legislature

Ladies and Gentlemen:

In accordance with the Texas Government Code, Section 403.0131, I present herewith the detailed tables for the revenue estimate that I used to certify the General Appropriations Act for the 2012-13 biennium and other appropriations bills approved by the 82nd Legislature.

The estimates in this document reflect actual revenue collections through Aug. 31, 2011, the end of fiscal 2011, and the estimated fiscal impacts from all legislation passed by the 82nd Legislature. After accounting for statutory transfers, adjustments and balances on hand at the close of the 2010-11 biennium, the state will have a total of \$82.7 billion in General Revenue-related funds available to finance appropriations in the 2012-13 biennium.

This estimate shows that available revenue supports current General Revenue spending of \$81.1 billion for the 2012-13 biennium, yielding an expected General Revenue-related ending balance of \$1.6 billion on Aug. 31, 2013.

Revenue collections in fiscal 2011 were stronger than expected, coinciding with the Texas economy moving more fully into recovery and significant job growth in the state. State sales tax collections grew by 9.4 percent over the previous year, motor vehicle sales taxes advanced strongly in response to an improving economy, and severance tax revenues increased sharply due to an increase in oil prices and accelerated activity in the Eagle Ford Shale formation and the Permian Basin. Overall, state revenues to General Revenue in fiscal 2011 — after adjusting for amounts to be transferred to the Economic Stabilization (Rainy Day) Fund — were \$1.7 billion above projection, with this revenue increase partially offset by somewhat greater-than-expected state agency spending. The state closed the 2010-11 biennium with a General Revenue-related balance of \$1.1 billion.

The recent national recession is over and the economy is once again expanding. However, our state and nation continue to face the effects of the economic dislocations that occurred. Through October 2011, Texas has recovered 94 percent of the jobs lost during the recession; the U.S. just 27 percent. The Texas unemployment rate — as low as 4.3 percent in early 2007 — is now at 8.4 percent and giving no indication of receding rapidly. While the threat of another recession does exist, the most likely scenario continues to be one of slow, steady recovery from the worst recession in our state since World War II.



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The economic forecast underlying this revenue estimate projects Texas will continue adding jobs in fiscal years 2012 and 2013, although not at the pace of 2011. Over the 2012-13 biennium, nonfarm employment is expected to increase by an average of 1.5 percent each year. Adjusted for inflation, Texas' gross product is expected to grow by an average of 2.2 percent annually in fiscal 2012 and 2013, slightly exceeding the nation's expected growth rate of 1.9 percent annually. It must be noted that weak single-family housing construction activity, doing no better than "bouncing along the bottom" and at levels not seen prior to the recent recession since the early 1990s, remains a drag on economic recovery.

While Texas continues to recover, events now unfolding throughout the world are of great concern. Some observers believe a broad eurozone recession to be likely, and is expected sooner rather than later. The economies of some European countries may already be contracting and contagion from the ongoing financial crisis is possible. China, as well as India, shows signs of a slowing economy; further, the Chinese property boom is in sharp reversal. And the ongoing political gridlock in Washington is adding to the atmosphere of uncertainty, negatively affecting business and consumer confidence. Texas, as the recent downturn has illustrated, is not immune to events originating elsewhere in the country or the world. Again, the overall picture is one of slower-than-normal recovery with above-average risks of a new recession. This estimate will be revised, if necessary, as economic and fiscal conditions warrant.

I shall continue to monitor the Texas economy and revenues closely, and I shall keep you informed of any significant events as they arise.

Sincerely,

Susan Combs

Enclosure

cc: Capitol Office
John O'Brien, CPA, Director, Legislative Budget Board



The 2012-13 Certification Revenue Estimate

The State of Texas will have an estimated \$82,656 million available for general purpose spending in the 2012-13 biennium, 8.2 percent above the corresponding amount for 2010-11. (See Tables 1, 2, and 3.) This figure represents the sum of the 2010-11 ending balance, 2012-13 tax revenue, and 2012-13 non-tax receipts; less estimated transfers to the Economic Stabilization Fund (ESF); and adjustments to General Revenue-related dedicated account balances.

Tax collections in 2012-13 will generate \$71,624 million; and non-tax revenues will produce an additional \$11,115 million. Factoring in the \$1,136 million available ending balance carried forward from 2010-11, these three sources total \$83,875 million. Against this amount, \$1,909 million must be placed in reserve for future transfers to the ESF, and \$691 million must be added for various adjustments to General Revenue-related dedicated account balances.

Taking all state revenue sources in all funds into account, the state is expected to collect \$183,092 million in revenue for all state funds during the 2012-13 biennium.

Texas Economic Outlook

The Texas economy added 232,900 jobs in fiscal 2011 (from August 2010 to August 2011), in large part because energy-related industries charged ahead from the nation's worst recession since the Second World War. The outlook is for continued moderate job growth in fiscal 2012 and 2013. (See Table 4.) After rebounding by 2.2 percent in fiscal 2011, job growth is expected to slow somewhat in response to a period of economic weakness nationally and internationally. Still, job growth is forecast to average 1.5 percent annually during the 2012-13 biennium, resulting in a net gain of 314,000 jobs during the two years.

Even though employment growth will be slower than is typical for a period of recovery, the state's economic production will expand at a modest pace as measured by the rate of growth in Texas' gross domestic product. Adjusted for inflation, Texas' gross product is expected to grow by an average of 2.2 percent annually in fiscal 2012 and 2013, exceeding the nation's expected growth rate of 1.9 percent annually.

Texas Still Outpaces the Nation. Texas added more jobs than any other state during the state's 2011 fiscal year, had the highest job growth rate among the 10 most populous states, and had a faster growth rate than all but four of the 50 states. The relatively attractive economic picture in Texas, in the face of the weak national recovery, has encouraged a continuing influx of people into Texas.

The state's population grew by 227,000 from net migration alone in fiscal 2011. That migration influx, along with more young Texas residents entering the working age population, has resulted in a Texas labor force that is growing faster than the supply of jobs. Hence the unemployment rate has not been improving, closing the year at 8.5 percent. Even so, Texas' unemployment rate remains below the national jobless rate,

which ended the year at 9.1 percent. The state's unemployment rate is expected to ease gradually to average 8.3 percent in fiscal 2012 and 8.1 percent in fiscal 2013.

Following the bottom of the national recession, personal income in Texas grew steadily through the 2010-11 biennium, but at a tepid pace compared to previous recoveries. In fiscal 2010 it advanced at only a 2.0 percent rate, but with substantial hiring in oil and natural gas exploration and production in 2011 growth improved to 5.7 percent, although the service-providing industries remained weak. As the national economy continues to struggle, relatively subdued personal income growth is expected in Texas in the upcoming biennium, with a forecasted rate of 4.3 percent in fiscal 2012 and 3.7 percent in fiscal 2013.

Because the Texas economy will continue to be healthier than the national economy, migration will be an important part of future state population growth. Texas population will increase by about 926,000 in the 2012-13 biennium — an average annual increase of 1.8 percent — to reach an average of 26.6 million Texans in fiscal 2013. Almost half of this biennial population growth (420,000) is expected to come from net migration to the state.

Mining and Logging Was The Top Performing Industry. The fastest growing major industry in Texas in fiscal 2011, as measured by the percent growth in employment, was mining and logging, propelled by increased oil and natural gas exploration. Firmer market prices and the industry's improved technologies underlie the expansion. The number of operating oil and natural gas drilling rigs in the state increased by almost 170 percent since its recent low of 329 rigs in June 2009 to 885 rigs in August 2011. Mining and logging added 16,800 jobs during fiscal 2010 and another 36,400 jobs in fiscal 2011, growing by a robust 17.3 percent in 2011 while the remaining Texas industries combined for job growth of 1.9 percent. With Texas serving as the headquarters for many companies in the oil and natural gas industry, the mining and logging industry's contribution to Texas personal income is more than five times the national share.

Employment in the industry is expected to continue growing in fiscal 2012 before retrenching moderately in fiscal 2013. Overall industry employment will average 239,400 in the 2012-13 biennium, up from an average of 215,400 in the 2010-11 biennium.

Construction Aided by Heavy Engineering and Utility Projects. The Texas construction industry lost jobs in fiscal 2009 and 2010, shedding more than 17 percent of its workforce between the pre-recession peak in May 2008 and February 2010. The industry had modest job growth for the remainder of fiscal 2010 and early fiscal 2011, but employment was flat for the rest of fiscal 2011. Most of the construction jobs added in fiscal 2011 were in heavy and civil construction, as well as utility construction work by specialty trade contractors. Only one-fourth of the added jobs were in the construction of buildings and residences, as single-family residential construction remains depressed. The number of jobs in most sectors of the industry have grown, with the exception of highway, street, and bridge construction and building finishing contractors which have continued to see declines.

The number of multi-family building permits in fiscal 2011 was up by 68 percent over the count in fiscal 2010, increasing from 16,108 units to 27,009 units. Since the available housing stock and market conditions continue to suppress single-family housing construction, the total number of single-family building permits in fiscal 2011 was only 59,379, which was 11 percent less than in fiscal 2010 and was the lowest annual total since the early 1990s. The median sale price for an existing single-family home in Texas, unlike much of the country, continues to rise slightly, increasing by 1 percent during 2011.

Texas construction employment increased by 26,700, or 4.7 percent, in 2011, but the gains occurred at the beginning of the year. Statewide construction employment totaled 594,100 in August 2011.

The Texas outlook is for overall residential construction activity to pick up in the 2012-13 biennium, with all of this growth in multi-family starts, as the number of single-family starts will be lower in the 2012-13 biennium than in 2010-11. Aided by an expected 13 percent increase in the value of nonresidential construction, construction employment will expand from an average of 577,800 in 2010-11 to 602,000 in 2012-13, an increase of 24,200 jobs, or 2.1 percent per year.

Exports and Drilling Activity Boost Manufacturing. Exports continued to boost Texas manufacturing. After being battered by the recession and currency fluctuations, the total value of Texas exports increased by 20.9 percent in 2010 and another 21.6 percent in fiscal 2011, even in the face of economic doldrums in European Union markets. According to the World Institute for Strategic Economic Research (WISER) Trade service, Texas is the nation's leading exporting state, as it has been since 2002. Due in large part to a surge in sales to North American Free Trade Agreement partners and the rising demand for Texas exports in Asia, the value of Texas exports has grown more quickly than the national average. Texas exports totaled \$236.8 billion in fiscal 2011, which was over 16 percent of the U.S. total and 18.9 percent of the state's gross domestic product.

With growth further spurred by strong demand for drilling rigs and equipment for the state's energy industry, the economic value of Texas manufacturing increased from \$156.9 billion in fiscal 2010 to an estimated \$168.0 billion in 2011, according to the U.S. Bureau of Economic Analysis and the Comptroller's estimates of gross domestic product. After a weak 2010, Texas manufacturing industry employment grew by 2.6 percent in fiscal 2011, faring better than the nation's 1.8 percent growth. The state's manufacturing employment was estimated at 834,100 in August 2011, up from 813,000 in August 2010.

Manufacturing employment is expected to continue growing in the 2012-13 biennium, by an average of 1.1 percent per year.

Service-Providing Private Industries Add Jobs in 2011 at a 2.7 Percent Pace. Among private service-providers, all the industries except information added jobs during fiscal 2011. Professional and business services grew by 53,200; trade, transportation and

utilities expanded by 45,900 jobs; education and health services added 38,800; and leisure and hospitality services tacked on 33,600 jobs. The financial activities and other services industries each grew by 10,100 jobs. Information is the smallest service-providing industry in Texas, and in fiscal 2011 it contracted for the eleventh consecutive year, losing another 7,500 jobs.

The 2012-13 outlook is for private sector service-providing employment to increase by 343,100, an average of 2.4 percent growth annually. Trade, transportation, and utilities is expected to add 92,300 jobs during the biennium, followed closely by professional and business services at 91,000 jobs. Education and health services and leisure and hospitality services are related largely to demographic factors, and they will grow by 74,600 and 51,000 jobs, respectively. The information industry is predicted to lose another 1,500 jobs.

Government Employment Drops at All Levels. Government employment in Texas declined by 35,500 jobs (1.9 percent) during fiscal 2011, the result of budget constraints, school district and postal service cutbacks, and the loss of the last 2010 census workers still employed at the beginning of fiscal 2011. Federal government employment declined by 8,700 in Texas, even with an increase of 2,200 defense-related jobs. State government had moderately lower employment, declining by 0.7 percent, even though state government educational institutions added employees. Local government accounts for 68 percent of all government jobs in Texas, and school district employment makes up nearly two-thirds of local government employment. Local government employment fell 1.9 percent in fiscal 2011. Over the two year 2012-13 biennial period, total government employment in Texas — federal, state, and local combined — is expected to decrease by 64,800 jobs.

Forecast Concerns. The national economy is expanding slowly, but a potential recession in European Union countries, slowing Asian economies, the political stalemate in Washington, and high unemployment rates have sapped business and consumer confidence, and as a result the nation's economic recovery has slowed and the pace of future recovery is in question. Texas is not immune to this economic weakness. The fading momentum of the nation's economic recovery is a major concern.

With the state's relatively high concentration of oil and natural gas operations, energy prices have cushioned the bottom-line impact on Texas. However, high fuel prices suppress growth in the state's energy-consuming sectors and limit consumers' buying power. The outlook for the mining industry is less optimistic in the 2012-13 biennium than in 2010-11, with the industry's employment losses in fiscal 2013 counterbalancing the gains in fiscal 2012.

The state's unemployment rate remains uncomfortably high. Part of this is due to Texas' relative economic success, causing an influx of job seekers in numbers that exceeded job growth.

Even with these possible pitfalls, there are some bright spots. Multi-family housing and

heavy and civil engineering construction are boosting construction employment. A relatively weak dollar, especially against emerging market currencies, means that Texas exports will cost less overseas and provide an opportunity for continued health in Texas' export trade. The Federal Reserve Bank is expected to keep the federal funds target rate near zero through most, if not all, of the 2012-13 biennium, at least until the national economy strengthens. Pent-up demand for automobiles and consumer goods is being reflected in stronger retail sales growth in fiscal 2012; this demand is expected to have been met and no longer in effect by fiscal 2013.

And Texas continues to have the advantages that have kept it growing faster than the nation. These include positive net migration into the state; a location at the heart of the nation's healthiest economic region and an international border with a country with optimistic growth prospects; an experienced workforce; and a relatively attractive business environment including a lower cost of doing business.

The 2010-11 Ending Balance

The ending certification balance for 2010-11 was \$1,136 million after setting aside a required \$1,088 million transfer to the Economic Stabilization Fund related to 2011 tax collections and to be transferred in fiscal 2012.

The Economic Stabilization Fund (ESF)

As required by the Texas Constitution, a total of \$1,088 million was set aside from fiscal 2011 receipts and was transferred to the ESF in November 2011. This transfer, which represents a portion of the oil and natural gas production tax receipts, was not included in the General Revenue-related funds available for 2012-13 biennial appropriations. The ESF reserve for transfers totaled \$1,539 million for the 2010-11 biennium.

With respect to 2012-13 revenues, the portion of state oil production and natural gas tax collections reserved for transfer to the ESF should total \$1,909 million over the biennium. Again, as required by the Texas Constitution, these estimated transfers to the ESF have been deducted from available revenues and balances.

At the end of the 2012-13 biennium on August 31, 2013 — before the Fall 2013 required transfer of fiscal 2013 revenues — the ESF balance should total \$7,321 million.

Tax Revenue

The state's tax system is the main source of General Revenue-related funding. Taxes are expected to yield \$71,624 million during the 2012-13 biennium, contributing 86.6 percent of total net revenues. Compared with the \$65,136 million collected in 2010-11, total General Revenue-related tax collections in 2012-13 are expected to register a 10.0 percent increase.

Since 1988, state sales tax revenues have accounted for more than half of all state General Revenue-related tax collections. Motor vehicle sales and use taxes provide the second-largest source of general tax revenues, followed by the proceeds from the state's

general business tax — the franchise tax. The franchise tax is the largest state tax not levied on consumption.

Sales and Use Taxes. In fiscal 2011, General Revenue-related sales and use tax collections totaled \$21,401 million, a 9.4 percent increase from recession-affected 2010 receipts of \$19,560 million. Recovery was evident in all major sectors, but was especially vigorous in mining and other oil and natural gas-related sectors.

Sales tax receipts from the mining sector rose 72.2 percent in fiscal 2011, a consequence of the boom in the Eagle Ford Shale play and the increased activity in the Permian Basin resulting from higher oil prices and improved extraction technologies. This surge in oil and natural gas mining activity — the active drilling rig count rose from an average of 380 in September 2009 (the start of fiscal 2010) to 885 in August 2011 (the end of fiscal 2011) — stimulated increased activity in manufacturing (drilling and well equipment) and construction (oil field road building). In part fueled by this activity, sales tax collections from the manufacturing sector rose 13.8 percent, and 14.7 percent from the construction sector in 2011.

Housing-related construction activity, however, remained subdued. Texas monthly residential building permits averaged 7,199 for fiscal 2011, slightly above the fiscal 2010 average of 6,926, and far below the peak average of 17,757 in fiscal 2006. Consequently, sales tax collections from housing-related construction activity did not grow significantly.

Sales tax collections from the retail trade sector rose 5.1 percent in fiscal 2011, and accounted for 38.5 percent of total sales tax collections. Receipts from information (telecommunications) services grew 5.4 percent, and for restaurants growth was 7.1 percent.

Growth in sales tax collections is expected to moderate in the 2012-13 biennium. The recent elevated level of oil and natural gas-related sales tax receipts should continue, although some decrease from those historically high levels is expected. Housing construction activity shows no signs of picking up significantly, and with the slow pace of overall job growth, tax collections from retail trade are expected to increase, but only moderately. Therefore, sales tax collection growth, quite rapid in fiscal 2011, is expected to decelerate over fiscal 2012 and 2013.

Sales taxes are expected to generate \$45,167 million in General Revenue-related revenue in the 2012-13 biennium. This includes \$231 million in speed-up collections (under the provisions of SB 1, 82nd Legislature, 1st Called Session, 2011) in August 2013 and a multi-tax amnesty program expected to yield \$75 million, predominately from the sales tax, in fiscal 2012. Compared to \$40,961 million in sales tax collections in the 2010-11 biennium, this will represent a 10.3 percent increase in available biennial sales tax revenues.

Franchise Tax. Franchise tax collections in fiscal 2011, for all funds, were \$3,932 million, a gain of 2.0 percent from fiscal 2010, following two years of revenue declines.

For the 2010-11 biennium, franchise tax collections were \$7,789 million, 10.5 percent below 2008-09 collections of \$8,702 million. The economic recession that bottomed out in the summer of 2009 was the principal reason for the weak performance of the tax in the second year of the 2008-09 biennium and the first year of the 2010-11 biennium. A legislative change made in 2009, to increase the maximum amount of total revenue a taxable entity may have for filing a “no tax due” report from \$300,000 to \$1 million, further contributed to the revenue decline.

The slow and fragile recovery from the recession is expected to hold franchise tax revenue growth to relatively modest levels in the 2012-13 budget period. The growth also will be affected by SB 1 (82nd Legislature, 1st Called Session, 2011) which retained the \$1 million revenue threshold for “no tax due” reports. The threshold will be lowered to \$600,000 beginning in fiscal 2014. For the 2012-13 biennium, franchise tax collections are projected to reach \$8,171 million, an increase of 4.9 percent over 2010-11.

HB 2 (79th Legislature, 3rd Called Session, 2006) dedicated part of the franchise tax revenue to the Property Tax Relief Fund (PTRF). The dedicated revenue is the amount of tax collected that exceeds the amount estimated to be collected under the franchise tax as it existed prior to January 1, 2008. For the 2012-13 biennium, the expected allocation to the PTRF will be \$2,695 million, an increase of \$233 million from the 2010-11 biennium. The remaining \$5,475 million in 2012-13 franchise tax collections will be held in the General Revenue Fund for general purpose spending.

Motor Vehicle Sales and Rental Taxes. After two years of declining revenues, General Revenue-related motor vehicle tax collections of \$2,621 million in fiscal 2010 were slightly ahead of fiscal 2009 collections, signaling improvements in consumer willingness to purchase vehicles once again. As the Texas economy continued to gain strength throughout fiscal 2011, motor vehicle sales accelerated, and tax collections grew by 12.7 percent over fiscal 2010, to \$2,954 million. Tax collections steadily improved during the 2010-11 biennium to reach \$5,575 million, but were 5.3 percent below 2008-09 collections.

Motor vehicle tax revenue collections will continue to grow in fiscal 2012, by an expected 8.5 percent, as consumers and businesses continue to replace older vehicles in an environment of more available credit and high fuel prices, manufacturer and dealer incentives, and release of pent-up demand. Fiscal 2013 tax collections, however, are expected to decline moderately by 3.4 percent as pent-up demand subsides. In the 2012-13 biennium, tax collections should reach \$6,303 million, an increase of 13.1 percent from 2010-11.

Oil & Natural Gas Taxes. Since 2002, oil prices have taken a generally upward path, rising from an average of \$17.54 per barrel¹ in January 2002 to \$131.35 in June 2008. This price increase was the result of various forces, including persistent threats of supply disruptions abroad; hurricane-related production losses in the Gulf of Mexico; diminished

¹ The oil and natural gas prices shown in this section are “taxable” prices, and not “market” prices.

production capacity; growing global demand; and the depreciation of the U.S. dollar. In the second half of 2008, the beginning of the worldwide financial meltdown caused oil prices to drop sharply, reaching a low of under \$33 in February 2009. The fall in oil prices was in part due to a stronger U.S. dollar. As markets sensed the financial crisis had peaked and the dollar again declined, oil prices recovered to the \$60 level by June 2009 and averaged \$60.03 for all of fiscal 2009.

For fiscal 2010, oil prices gained traction and reached an average of \$72.75 for the year, setting the stage for the drilling boom for oil and hydrocarbon liquids in unconventional resources, most notably in Texas' Eagle Ford Shale.

In fiscal 2011, as the European financial crisis subsided, concerns rose about the U.S. dollar value and inflation, instability in the Middle East and North Africa, the Libyan production supply disruption, and the persistent demand growth in emerging markets led by China, all of which drove oil prices to almost \$106 by April 2011. With taxable oil prices averaging \$87.85 in 2011, General Revenue-related oil production and regulation tax revenue collections reached an all time high of \$1,473 million, up 46.0 percent from the \$1,009 million collected in fiscal 2010.

The production growth that began in fiscal 2009, then continued in 2010, and accelerated in 2011 confirmed the reversal of a nearly four-decade production decline that began when Texas oil production peaked in 1972. However, given limitations in the supply of water available for oil and natural gas well fracture-stimulation operations because of the ongoing Texas drought, and the competition for manpower and equipment in developing other unconventional plays in North America, Texas oil production may experience a temporary decline in the short term.

Anticipating the diminishing demand caused by the expected slowing of Asian and European economies, taxable oil prices should average \$78.65 per barrel in fiscal 2012 and \$78.67 in fiscal 2013. As such, oil production and regulation tax collections are expected to be \$2,520 million in the 2012-13 biennium, an increase of 1.5 percent from 2010-11 collections of \$2,482 million.

Texas natural gas production has been on an upward path since 2003 due in large part to the tremendous growth in output from the Barnett Shale formation. With ample supplies of natural gas in storage — attributable in part to previous warm winters, weak demand, recessionary pressures, and increased production levels — the market price for natural gas fell from an average annual high of \$7.50 per thousand cubic feet (MCF) in fiscal 2008 to below \$3 per MCF in August 2009, the lowest level since August 2002. Prices have subsequently risen and stabilized near the \$4 level, with an average of \$3.96 in fiscal 2010 and \$4.13 in fiscal 2011. The average taxable price is expected to be \$3.98 in 2012 and \$3.93 in fiscal 2013.

The number of operating natural gas drilling rigs in Texas swung from a high of 756 during September 2008 to a low of 243 during July 2009. With the range between crude oil and natural gas prices above historical levels, crude oil drilling rig counts surpassed

those for natural gas in December 2010. From that point, the natural gas rig count has held stable in the low 300s, while rig counts for crude oil have risen to a level of over 550. The relatively higher crude oil prices also have increased drilling for natural gas liquids (NGL's) and condensates, contributing to higher overall volumes of liquids production and associated tax revenues.

As domestic natural gas supplies have grown, reliance on natural gas imports has decreased. Imports of natural gas from Mexico and Canada have declined, as have liquefied natural gas (LNG) imports. As natural gas prices relative to other fossil fuels have become highly competitive, the use of natural gas for electric generation and transportation has increased.

General Revenue-related natural gas production tax collections in the 2010-11 biennium were \$1,835 million, with notable contributions from increased production volumes of NGLs, condensate, and casinghead gas. While drilling activity appears to be temporarily cooling in the Barnett Shale play, interest in other gas plays, such as the Eagle Ford Shale that is rich in NGLs, has accelerated. Natural gas production tax collections are expected to reach \$2,290 million in the 2012-13 biennium, an increase of 24.8 percent from 2010-11.

Insurance Taxes. General Revenue-related collections from the state's various insurance taxes in the 2010-11 biennium were \$2,671 million, a decrease of 1.3 percent from the 2009-10 biennium. Insurance tax collections are expected to increase substantially in the 2012-13 biennium, primarily as a result of the continuing economic recovery, but also due to recent changes in the way surplus lines insurance contracts are taxed.

Under the terms of the federal Nonadmitted and Reinsurance Reform Act (NRRA) of 2010, as of July 21, 2011 only the home state of an insured is authorized to collect premium taxes on a surplus lines or independently procured policy. From that date forward, Texas will collect premium taxes on all surplus lines policies written for insureds whose home state is Texas, regardless of where the actual covered risks are located. Before the NRRA provisions, Texas collected premium taxes only on those portions of surplus lines policies covering risks located in this state, regardless of the home state of the insured. It is estimated this change will result in an additional \$22 million in premium tax revenue in the 2012-13 biennium.

Insurance premium tax credits for Certified Capital Companies (CAPCO) and for Texas Windstorm Insurance Association (TWIA) assessments will continue to negatively impact premium tax collections. Pursuant to legislation passed in 2001 and 2003, CAPCO investment tax credits are available to take at an aggregate rate of \$50 million per year through 2016, and Hurricane Ike-related TWIA assessment credits are available at an aggregate rate of \$46 million per year through 2013.

For the 2012-13 biennium, insurance tax revenue collections are expected to total \$2,851 million, an increase of 6.8 percent from 2010-11.

Motor Fuel Taxes. In fiscal 2011, collections from motor fuel taxes for all funds grew by 2.0 percent over fiscal 2010, with receipts from the gasoline tax up by a modest 0.8 percent and from the diesel tax by a robust 6.1 percent. Gasoline tax collections in 2011 continued a four year trend of sluggish, but positive, growth. Conversely, the sharp rise in diesel tax collections for fiscal 2011 came after declines in 2009 and 2010. Conventional thinking is that the diesel tax increase is due to the recovering economy. Collections from motor fuel taxes for all funds in the 2010-11 biennium were \$6,146 million, and in the 2012-13 biennium collections are expected to grow by 2.6 percent to reach \$6,304 million.

SB 1 (82nd Legislature, 1st Called Session, 2011) requires a onetime speedup of a portion of motor fuel taxes to be remitted in August 2013. The bill also delays the allocation of all motor fuel taxes that would have occurred in July and August 2013 to September 2013. After deducting for transfers to State Highway Fund 0006, General Revenue-related collections from motor fuel taxes for the 2012-13 biennium are expected to rise by 28.5 percent from 2010-11, from \$1,644 million to \$2,113 million, due largely to the speedup and delays.

Cigarette, Cigar, and Tobacco Products Taxes. Cigarettes accounted for 89 percent of the excise tax revenue collected from all types of tobacco products sold in Texas in the 2010-11 biennium. Revenue collected from the cigarette tax is allocated to the General Revenue Fund and the Property Tax Relief Fund (PTRF).

In addition to cigarettes, Texas imposes excise taxes on snuff, chewing tobacco, roll-your-own tobacco, pipe tobacco, large and small cigars, and other types of tobacco products. HB 2154 (81st Legislature, Regular Session, 2009) changed the taxation method, effective in fiscal 2010, for tobacco products other than cigarettes and cigars from a tax on the item's wholesale price to a tax on its net weight. The new tax structure increased revenue collections, and provided for allocations from the new revenue to the Physician Education Loan Repayment Program Account, in addition to the existing allocations to the General Revenue Fund and the PTRF. All tax revenue collected from cigars is allocated to the General Revenue Fund.

In the 2010-11 biennium, excise tax collections from all tobacco products and for all funds totaled \$2,948 million, a decrease of 1.8 percent from the 2008-09 biennium due primarily to decreasing cigarette tax collections. Cigarette use is declining in response to increasing product prices, changing social attitudes, health concerns, and other factors. In the 2012-13 biennium, revenue collections from all tobacco products are expected to decrease by 3.7 percent to \$2,839 million.

From all tobacco excise taxes collected in the 2012-13 biennium, \$1,149 million will be allocated to the General Revenue Fund and \$1,638 million will be allocated to the Property Tax Relief Fund. The allocation to the Physician Education Loan Repayment Program Account should be \$51 million, considerably more than the amount allocated in 2010-11 due to provisions required by law.

Alcoholic Beverage Taxes. Texas levies six alcoholic beverage taxes. Four are excise taxes paid by wholesalers, including taxes on beer, liquor, wine and malt liquor (also known as ale). The airline and passenger train beverage tax is collected from travelers on airplanes and trains. The mixed beverage tax is paid by alcoholic beverage consumers in establishments permitted to sell mixed drinks and all other forms of drinking alcohol.

Over three-quarters of alcoholic beverage tax collections are generated by the mixed beverage tax, which is levied at 14 percent of gross receipts. The growth in General Revenue-related alcoholic beverage tax collections in the 2010-11 biennium over 2008-09 was 5.7 percent, to total \$1,671 million, following average biennial growth in the previous two biennia of 13.5 percent. In the 2012-13 biennium, tax revenue collections are expected to grow by 9.2 percent compared to 2010-11, as the economy continues to rebound from the recession, to reach \$1,825 million.

A significant part 2012-13 biennium revenue gains will result from the provisions of SB 1 (82nd Legislature, 1st Called Session, 2011), which requires a onetime speedup of alcoholic beverage tax revenues to be remitted in August 2013.

Utility Taxes. General Revenue-related revenue collections from utility taxes in the 2010-11 biennium were \$936 million, a decrease of 8.4 percent from the 2008-09 biennium. Total revenues should rise by only 3.9 percent in the 2012-13 biennium, to \$973 million, reflecting the slow economic recovery. However, increased natural gas transmission volumes through pipelines will bolster collections from the gas utility pipeline tax. Although growing, estimated 2012-13 biennium utility tax revenue collections will be 4.9 percent below 2008-09 collections.

Hotel Occupancy Tax. Following robust 29.5 percent growth in General Revenue-related hotel occupancy tax collections in the 2006-07 biennium, collections grew at a more modest 10.2 percent rate in 2008-09 as the effects from the national recession were felt in Texas in fiscal 2009. Tax collections again declined in fiscal 2010, then increased modestly in fiscal 2011 as tourism and business travel slowly started to recover. For the 2010-11 biennium collections were down by 4.9 percent. Revenue collections in the 2012-13 biennium are expected to grow by 10.0 percent to \$748 million compared to 2010-11 collections of \$680 million.

Other Taxes. The state's remaining taxes include the currently dormant inheritance tax and taxes on such disparate subjects as oil well services, the occupation tax on attorneys, coin-operated machines, cement, sulphur, bingo rental receipts and combative sports. General Revenue-related collections from these taxes are expected to be \$211 million in the 2012-13 biennium, an increase of 19.8 percent from the \$176 million collected in 2010-11, due primarily to expanding oil and natural gas drilling activity in Texas and the resulting impact on oil well service tax collections.

Non-Tax Revenue

In addition to the \$71,624 million in tax revenue estimated for the 2012-13 biennium, the state's General Revenue-related funds are expected to receive \$11,115 million in non-tax revenue. This represents an 11.1 percent increase from the \$10,002 million in non-tax revenue in 2010-11. Non-tax revenue comes from the total return distribution from the Permanent School Fund to the Available School Fund, state lottery proceeds, fees, and other sources.

Interest and Investment Income. General Revenue-related interest and investment income in the 2012-13 biennium is expected to increase by 70.0 percent to \$1,940 million from income of \$1,141 million in 2010-11. The \$25 billion Permanent School Fund (PSF) historically produces nearly all of the investment income accruing to General Revenue-related funds.

Along with the higher base market values of the financial assets of the PSF, two other factors contributed to the expected \$799 million interest and investment income increase in the 2012-13 biennium. First, in November 2011, voters approved an amendment to the Texas Constitution that expanded the base by which distributions from the PSF to the Available School Fund (ASF) are calculated to include General Land Office discretionary real assets and cash in the state treasury, and will increase fiscal 2012 and 2013 distributions to the ASF by \$73 million each year. Second, the annual PSF distribution rate used for the 2012-13 biennium will be 4.2 percent compared to the 2010-11 distribution rate of 2.5 percent. The PSF distribution percentage is adopted biennially by the State Board of Education.

Lottery Proceeds. Lottery ticket sales increased by nearly 2 percent in fiscal 2011, but with a higher prize payback percentage, higher retailer bonuses, and growth in a new lottery game benefitting veterans, transfers to the Foundation School Fund (FSF) declined by 3.7 percent from 2010. The percentage of ticket sales returned to players as prizes increased from 62 percent in fiscal 2010 to 64 percent in fiscal 2011. Even though FSF transfers declined from 2010 to 2011 and per capita ticket sales have been trending down, population and personal income growth will help lottery ticket sales and FSF transfers in the coming biennium. Lottery transfers to the Foundation School Fund are projected to total \$1,939 million in the 2012-13 biennium, a decline of 1.2 percent from transfers of \$1,964 million in 2010-11.

Remaining Revenues. In addition to the two revenue sources discussed above, the non-tax revenue category includes licenses, fees, fines and penalties; the sales of goods and services; land income; contributions to employee benefits; the settlement of claims (including tobacco settlement proceeds); unclaimed property; third-party payments from private vendors in the state-federal Medicaid program; and federal payments to the state for treating indigent patients, among other revenue sources.

Texas began receiving regularly scheduled court settlement payments from tobacco product manufacturers in fiscal 1999. In the 2012-13 biennium, tobacco settlement receipts are expected to total \$945 million, a 2.0 percent decline from the \$965 million

received in 2010-11. The amount of each annual tobacco settlement payment is the product of a computation, a procedure that includes an adjustment for changes in the volume of national cigarette sales by the settling manufacturers in the year of the payment. Those sales volumes continue to be negatively affected by cigarette tax increases imposed by all of the states (and in some cases their local governments) and by rising manufacturer cigarette prices. The resulting higher consumer cigarette prices, along with new cigarette package warning labels and expanding public smoking bans, are likely to continue the national decline in cigarette consumption, lower the volume of the settling manufacturers' cigarette sales, and reduce future tobacco settlement payments to the states.

With respect to federal payments, General Revenue-related revenues from the Disproportionate Share Program, which helps pay for indigent care at state and local hospitals and the closely related Upper Payment Limit Program, which pays eligible health care providers at the generally higher Medicare rates — rather than Medicaid rates — for each procedure, are expected to total \$669 million in 2012-13. State vendor drug rebates from major pharmaceutical manufacturers participating in Medicaid's vendor drug program will reach \$1,056 million in 2012-13.

Revenue to All Funds

Revenue collections to all funds is estimated to total \$183,092 million in the 2012-13 biennium. Of this amount, General Revenue-related receipts will total \$82,739 million, and dedicated federal income is estimated to account for \$71,248 million.

Most of the federal funds or income will be used for health and human services, highway construction and maintenance, and public education programs. Federal funds revenue estimates for the joint state-federal Medicaid program that appear in several Appendix tables assume a higher level of state match in fiscal 2013 (and, therefore, more federal reimbursement) than has been currently appropriated — as required by 42 USC Sec. 1396a, State Plans for Medical Assistance — and this issue will undoubtedly be addressed when the 83rd Legislature convenes in January 2013. If, however, the state portion of Medicaid remains at current appropriation levels for fiscal 2013, it is estimated by the Texas Health and Human Services Commission that the federal portion of Medicaid funds could be \$5.6 billion less that year.

A second large source of all funds revenue is the State Highway Fund's share of motor fuel tax revenue, which is constitutionally dedicated to highway construction and maintenance and public transportation.

Total estimated revenues do not include certain local funds that are appropriated but not deposited into the State Treasury, but they do include certain revenues that are deposited in the State Treasury but are not appropriated, such as royalties deposited to the Permanent School Fund.

TABLE 1
General Revenue-Related Funds By Source

	Millions of Dollars		Percent Change	
	2010-11	2012-13		
<i><u>Tax Collections</u></i>				
Sales Taxes	\$ 40,961	\$ 45,167	10.3	%
Motor Vehicle Sales and Rental Taxes	5,575	6,303	13.1	
Motor Fuel Taxes	1,644	2,113	28.5	
Franchise Tax	5,326	5,475	2.8	
Insurance Taxes	2,671	2,851	6.8	
Natural Gas Production Tax	1,835	2,290	24.8	
Cigarette and Tobacco Taxes	1,180	1,149	(2.6)	
Alcoholic Beverage Taxes	1,671	1,825	9.2	
Oil Production and Regulation Taxes	2,482	2,520	1.5	
Inheritance Tax	2	0	(100.0)	
Utility Taxes	936	973	3.9	
Hotel Occupancy Tax	680	748	10.0	
Other Taxes	174	211	21.1	
Total Tax Collections	\$ 65,136	\$ 71,624	10.0	%
<i><u>Non-Tax Collections</u></i>				
Licenses, Fees, Fines, and Penalties	\$ 2,360	\$ 2,292	(2.9)	%
Interest and Investment Income	1,141	1,940	70.0	
Lottery Proceeds	1,964	1,939	(1.2)	
Sales of Goods and Services	218	226	3.6	
Settlement of Claims	1,129	980	(13.2)	
Land Income	19	17	(10.7)	
Contributions to Employee Benefits	0	0	3.4	
Other Revenue Sources	3,172	3,721	17.3	
Total Non-Tax Collections	\$ 10,002	\$ 11,115	11.1	%
Total Net Revenue	\$ 75,138	\$ 82,739	10.1	%
<i><u>Balances and Adjustments</u></i>				
Beginning Fund 1 Balance	\$ 2,367	\$ 921		
Beginning Funds 2 and 3 Balances	60	215		
Change in GR-Dedicated Account Balances	332	691		
Reserve for Transfers to the ESF	(1,539)	(1,909)		
Total Balances and Adjustments	\$ 1,220	\$ (83)		
Total General Revenue-Related Funds Available for Certification	\$ 76,358	\$ 82,656	8.2	%

Note: Totals may not sum because of rounding.

SOURCE: Susan Combs, Texas Comptroller of Public Accounts.

TABLE 2
General Revenue-Related Spending
2012-13 Biennium

	Millions of Dollars
General Appropriations Act*	\$ 80,466
Method of Finance Reclassifications and Other Adjustments, net**	(617)
Emergency Appropriations and Reductions, and Other Legislation Making Appropriations, net ***	1,202
Total	\$ 81,051

* Conference Committee Report for HB 1, Regular Session, 82nd Legislative Session

** Includes net amounts associated with SB 2, 1st Called Session, 82nd Legislative Session, related to appropriations originally made in HB 1, removed, then subsequently reappropriated in SB 2.

*** Includes appropriations made in HB 4, HB 3647, Regular Session, 82nd Legislative Session and Sec. 18.55, General Appropriation Act, 2012-2013, items (1) - (4). Disbursement of items (1) - (4) is assumed to occur in fiscal 2013 upon certification at that time of sufficient available revenue.

Note: Totals may not sum because of rounding.

SOURCE: Susan Combs, Texas Comptroller of Public Accounts.

TABLE 3
General Revenue-Related Balances and Available Revenue

	Millions of Dollars
<i>Fiscal 2012 Balances</i>	
Beginning General Revenue Fund Cash	\$ 2,629
Less: Dedicated Oil Overcharge Account	(69)
Less: Dedicated Lottery Account	(100)
Less: Constitutionally Dedicated Victims of Crime Accounts	(34)
Less: Federal Elections Improvement Account	(41)
Less: Texas Enterprise Account	(235)
Less: Emerging Technology Account	(142)
Less: Reserve for Economic Stabilization Fund Transfer	(1,088)
Beginning Balances in Funds 2 and 3	215
Balances Available for Certification	\$ 1,136
 <i>Fiscal 2012-13 Revenues</i>	
Estimated Tax Collections	\$ 71,624
Estimated Other Revenue	11,115
Total Estimated Net Revenue	\$ 82,739
 <i>Fiscal 2012-13 Other Adjustments</i>	
Change in Dedicated General Revenue Account Balances	\$ 691
Reserve for Economic Stabilization Fund Transfers	(1,909)
	\$ (1,219)
 Total Fiscal 2012-13 Estimated Available Revenues and Balances	 \$ 82,656
 Less Fiscal 2012-13 Estimated Expenditures	 (81,051)
 Fiscal 2012-13 Ending Certification Balance	 \$ 1,606

Note: Totals may not sum because of rounding.

SOURCE: Susan Combs, Texas Comptroller of Public Accounts.

TABLE 4
Texas Economic History and Outlook for Fiscal Years 2004 to 2013
Winter 2011-12 Forecast

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011*</u>	<u>2012*</u>	<u>2013*</u>
TEXAS ECONOMY										
Gross State Product (Billions, 2005\$)	953.2	975.2	1,002.0	1,056.6	1,082.6	1,063.0	1,102.8	1,127.1	1,150.0	1,178.1
<i>Annual percent change</i>	3.9	2.3	2.8	5.4	2.5	-1.8	3.7	2.2	2.0	2.4
Personal Income (Billions, Current \$)	683.7	740.7	808.4	867.3	952.7	960.8	979.7	1,035.8	1,080.3	1,120.1
<i>Annual percent change</i>	6.1	8.3	9.1	7.3	9.8	0.8	2.0	5.7	4.3	3.7
Nonfarm Employment (Thousands)	9,450	9,667	9,985	10,313	10,584	10,404	10,291	10,520	10,671	10,834
<i>Annual percent change</i>	0.8	2.3	3.3	3.3	2.6	-1.7	-1.1	2.2	1.4	1.5
				328	271	-180	-113	229	151	163
Resident Population (Thousands)	22,377	22,771	23,343	23,783	24,252	24,729	25,204	25,673	26,142	26,599
<i>Annual percent change</i>	1.6	1.8	2.5	1.9	2.0	2.0	1.9	1.9	1.8	1.7
Unemployment Rate (Percent)	6.3	5.5	5.1	4.5	4.7	6.9	8.2	8.2	8.3	8.1
Taxable Oil Price (\$ per Barrel)	32.50	46.92	61.19	59.13	98.86	60.03	72.75	87.85	78.65	78.67
Taxable Natural Gas Price (\$ per MCF)	4.79	5.80	7.55	6.18	7.50	5.13	3.96	4.13	3.98	3.93
U.S. ECONOMY										
Gross Domestic Product (Billions, 2005\$)	12,159.8	12,535.9	12,882.8	13,134.5	13,272.6	12,720.6	12,987.3	13,255.8	13,473.8	13,753.0
<i>Annual percent change</i>	3.7	3.1	2.8	2.0	1.1	-4.2	2.1	2.1	1.6	2.1
Consumer Price Index (1982-84=100)	187.3	193.5	200.6	205.3	214.4	213.8	217.4	223.0	227.2	231.3
<i>Annual percent change</i>	2.3	3.3	3.7	2.3	4.4	-0.3	1.7	2.6	1.9	1.8
Prime Interest Rate (Percent)	4.1	5.7	7.6	8.2	6.0	3.5	3.3	3.3	3.3	3.3

* Estimated or projected

SOURCES: Susan Combs, Texas Comptroller of Public Accounts; and IHS Global Insight, Inc.

TABLE A-1
Estimated Balances, Revenues, Disbursements, and Appropriation Authority
General Revenue-Related

	Thousands of Dollars	
	2012	2013
Revenues and Beginning Fund Balances		
General Revenue-Related Adjusted Fund Balance *	\$ 1,135,806	\$ (2,390,113)
General Revenue-Related Revenues **	41,151,652	41,587,368
Adjustment to Dedicated Account Balances	349,471	341,149
Total Revenues and Beginning Fund Balances	\$ 42,636,929	\$ 39,538,404
 Probable Disbursements and Other Adjustments		
Disbursements for Foundation School Programs	\$ 15,808,527	\$ 13,569,867
State Instructional Materials Disbursements	608,131	-
Other Probable Disbursements ***	27,494,770	23,569,399
Reserve for Transfers to the Economic Stabilization Fund	1,115,613	793,593
Total Probable Disbursements and Other Adjustments	\$ 45,027,042	\$ 37,932,858
 Estimated Ending Certification Balance, August 31	\$ (2,390,113)	\$ 1,605,546

Appropriation Authority	
Prior-Year Authority	\$ 2,159,986
Current-Year Authority	43,954,210
Total Appropriation Authority	\$ 46,114,196

* Excludes constitutionally restricted accounts, dedicated lottery proceeds, and oil overcharge balances.

** Excludes constitutionally restricted motor fuels transfer to the State Highway Fund.

*** Includes appropriations made in Sec. 18.55, General Appropriation Act, 2012-2013, items (1) - (4). Disbursement of items (1) - (4) is assumed to occur in fiscal 2013 upon certification at that time of sufficient available revenue.

Note: Totals may not sum because of rounding.

SOURCE: Susan Combs, Texas Comptroller of Public Accounts.

TABLE A-2
Estimated Revenues and Balances Available for Certification
General Revenue-Related

	Thousands of Dollars	
	<u>2010-11</u>	<u>2012-13</u>
Beginning Fund Balances		
Consolidated General Revenue Fund Adjusted Balance	\$ 2,367,361	\$ 921,062
Available School Fund Balance	52,955	10,857
State Instructional Materials Fund Balance	6,875	203,888
Total Beginning Fund Balances	<u>\$ 2,427,191</u>	<u>\$ 1,135,806</u>
Revenues		
General Revenue Fund	\$ 72,009,518	\$ 78,760,790
Available School Fund	1,155,956	2,034,397
State Instructional Materials Fund	8,608	4,589
Foundation School Fund Account	1,963,607	1,939,244
Total Revenues	<u>\$ 75,137,690</u>	<u>\$ 82,739,020</u>
Other Adjustments		
Change in General Revenue-Dedicated Account Balances	\$ 543,732	\$ 690,620
Reserve for Transfers to the Economic Stabilization Fund	(1,539,109)	(1,909,206)
Total Other Adjustments	<u>\$ (995,377)</u>	<u>\$ (1,218,586)</u>
Total General Revenue-Related Revenues and Balances	<u>\$ 76,569,503</u>	<u>\$ 82,656,240</u>

Note: Totals may not sum because of rounding.

SOURCE: Susan Combs, Texas Comptroller of Public Accounts.

TABLE A-3
Sources of Estimated General Revenue-Related Funds

Object Code	Description	Thousands of Dollars	
		2012	2013
General Revenue Fund			
3004	Motor Vehicle Sales and Use Tax	\$ 2,855,498	\$ 2,741,223
3005	Motor Vehicle Rental Tax	205,055	213,722
3007	Gasoline Tax	2,351,697	2,397,145
3008	Diesel Fuel Tax	759,684	793,640
3016	Motor Vehicle Sales and Use Tax--Seller Financed	134,862	132,864
3024	Driver's License Point Surcharges	72,539	72,006
3027	Driver Record Information Fees	274	271
3102	Limited Sales and Use Tax	22,503,767	22,586,011
3110	Inheritance Tax	0	0
3111	Boat and Boat Motor Sales and Use Tax	44,895	45,344
3114	Unclaimed Property/Escheat Estates	368,285	651,809
3130	Franchise/Business Margins Tax	2,707,209	2,774,560
3139	Hotel Occupancy Tax	368,005	379,722
3175	Professional Fees	180,963	181,700
3201	Insurance Premium Taxes	1,278,983	1,311,696
3219	Workers' Comp. Comm.--Insurance Maintenance Tax	50,766	51,781
3230	Public Utility Gross Receipts Assessment	56,705	57,507
3233	Gas, Electric, and Water Utility Tax	410,051	415,810
3238	Telecom. Utility/Comm. Mobile Serv. Prov. Assessment	0	0
3250	Mixed Beverage Tax	690,047	728,227
3253	Liquor Tax	71,641	74,327
3258	Beer Tax	105,891	109,553
3275	Cigarette Tax	420,568	447,953
3278	Cigar and Tobacco Products Taxes	136,038	144,718
3290	Oil Production Tax	1,324,900	1,193,675
3291	Natural Gas Production Tax	1,294,232	996,097
3849	Tobacco Suit Settlement Receipts	501,625	443,518
3854	Interest--Other, General	700	750
3950	Allocations from Special Fund -- U/B	62,960	71,425
3952	Allocation of Disproportionate Share Revenues	321,399	347,339
	Other General Revenue Fund Revenue	2,156,830	2,151,597
	Less: Tax Allocation to State Highway Fund	(2,271,223)	(1,920,046)
	Subtotal, General Revenue Fund	<u>\$ 39,164,846</u>	<u>\$ 39,595,944</u>
School Funds *			
3851	Interest--Other, General	\$ 908	\$ 1,513
3910	Allocation from Permanent to Available School Funds	1,015,988	1,015,988
3922	State Gain from Lottery Proceeds	967,664	971,580
	Other School Funds Revenue	2,246	2,343
	Subtotal, School Funds	<u>\$ 1,986,806</u>	<u>\$ 1,991,424</u>
Total Estimated Net General Revenue-Related Funds		<u>\$ 41,151,652</u>	<u>\$ 41,587,368</u>

* Includes net revenue for Available School Fund, State Instructional Materials Fund, and Foundation School Fund Account

Note: Totals may not sum because of rounding.

SOURCE: Susan Combs, Texas Comptroller of Public Accounts.

TABLE A-4
Estimated General Revenue-Dedicated Revenue

Account Number Account	Thousands of Dollars	
	2012	2013
9 Game, Fish, and Water Safety	\$ 126,001	\$ 126,954
27 Coastal Protection	14,110	13,906
64 State Parks	44,701	45,352
99 Operators and Chauffeurs Licenses	21,310	21,310
151 Clean Air	100,737	103,531
153 Water Resource Management	61,498	61,489
225 University of Houston Current	64,123	64,123
226 Pan American University Current	23,313	23,546
238 University of Texas at Dallas Current	37,092	38,202
242 Texas A & M University Current	78,896	78,896
244 University of Texas at Arlington Current	48,543	49,513
248 University of Texas at Austin Current	76,656	76,666
249 University of Texas at San Antonio Current	38,243	38,376
250 University of Texas at El Paso Current	25,169	25,474
255 Texas Tech University Current	48,537	48,752
258 University of North Texas Current	52,284	53,327
259 Sam Houston State University Current	25,619	26,055
260 Texas State University San Marcos Current	44,614	45,051
273 Federal Health & Health Lab Funding	217,161	217,827
421 Criminal Justice Planning	27,294	27,484
469 Compensation to Victims of Crime	81,035	78,939
549 Waste Management	34,286	34,884
550 Hazardous and Solid Waste Remediation Fee	25,425	25,918
655 Petroleum Tank Storage Remediation	28,304	28,397
5000 Solid Waste Disposal Fees	19,325	19,325
5007 Advisory Comm. on Emergency Communication	20,516	20,619
5025 Lottery *	321,503	322,763
5050 911 Service Fees	56,484	56,484
5064 Volunteer Fire Department Assistance	30,198	30,192
5071 Texas Emissions Reduction Plan **	80,661	81,982
5073 Fair Defense	37,099	37,289
5080 Quality Assurance	52,944	52,952
5094 Operating Permit Fees	29,695	29,695
5100 System Benefit	153,858	155,887
5111 Trauma Facility & EMS	112,967	114,487
5155 Oil and Gas Regulation and Cleanup	21,307	21,848
Other Accounts	803,035	794,075
Total Estimated General Revenue-Dedicated Accounts	\$ 3,084,543	\$ 3,091,570

* Net of proceeds to Foundation School Program and other dedicated accounts.

** Revenue collections do not include transfers from State Highway Fund.

Note: Totals may not sum because of rounding.

SOURCE: Susan Combs, Texas Comptroller of Public Accounts.

TABLE A-5
Estimated Federal Income, by Fund and Account

Fund or Account Number	Fund or Account	Thousands of Dollars	
		2012	2013
1	General Revenue Fund *	\$ 22,245,511	\$ 23,397,573
6	State Highway Fund	3,170,464	3,247,269
9	Game, Fish, and Water Safety Account	43,108	41,783
37	Federal Child Welfare Service Account	446,277	453,780
92	Federal Disaster Account	160,000	160,000
117	Federal Public Welfare Administration Account	117,366	117,407
127	Community Affairs Federal Account	360,475	306,899
148	Federal Health, Education, and Welfare Account	2,933,198	2,962,824
171	Federal School Lunch Account	1,692,797	1,786,408
221	Federal Civil Defense and Disaster Relief Account	100,000	90,000
222	Department of Public Safety Federal Account	15,000	15,000
273	Federal Health & Health Lab Funding Excess Account	1,005,719	1,005,342
369	Federal American Recovery & Reinvestment Act Fund	1,830,219	376,263
421	Criminal Justice Planning Account	41,607	41,607
449	Adjutant General Federal Account	42,732	42,732
469	Compensation to Victims of Crime Account	46,730	48,398
549	Waste Management Account	6,107	6,107
5026	Workforce Commission Federal Account	977,432	986,810
5091	Office of Rural Community Affairs Federal Account	311,565	303,948
	Other Funds and Accounts	160,691	150,659
	Total Estimated Federal Income	\$ 35,706,998	\$ 35,540,809

* Federal receipts deposited to the General Revenue Fund are dedicated for Medicaid and other specific federal programs.

Note: Totals may not sum because of rounding.

SOURCE: Susan Combs, Texas Comptroller of Public Accounts.

TABLE A-6
Estimated Other Funds Revenue *

Fund or Account Number	Fund or Account	Thousands of Dollars	
		<u>2012</u>	<u>2013</u>
6	State Highway Fund	\$ 3,881,755	\$ 3,570,621
11	Available University Fund	507,014	554,450
193	Local Recapture - Attendance Credits**	906,500	835,600
304	Property Tax Relief Fund	2,133,623	2,230,883
365	Texas Mobility Fund	358,492	350,039
573	Judicial Fund	84,223	86,471
	Disproportionate Share Revenue/State & Local Hospitals	2,159,543	2,206,961
	Appropriated Receipts	251,266	165,046
	Other Funds	1,245,638	1,400,644
	Total Estimated Other Funds Revenue	\$ 11,528,054	\$ 11,400,715

* Excludes certain local funds that are appropriated but not deposited in the State Treasury, and excludes federal income.

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

** As appropriated in the GAA, 82nd Legislative Session

Note: Totals may not sum because of rounding.

SOURCE: Susan Combs, Texas Comptroller of Public Accounts.

TABLE A-7
Estimated All Funds Revenue, Excluding Trust Funds *

<u>Source</u>	Thousands of Dollars	
	<u>2012</u>	<u>2013</u>
General Revenue-Related	\$ 41,151,652	\$ 41,587,368
General Revenue-Dedicated	3,084,543	3,091,570
Federal Income	35,706,998	35,540,809
Other Funds	11,528,054	11,400,715
Total Estimated All Funds Revenue	\$ 91,471,247	\$ 91,620,462

* Excludes certain local funds that are appropriated but not deposited in the State Treasury. Includes certain state revenues that are deposited in the State Treasury but not appropriated.

Note: Totals may not sum because of rounding.
 SOURCE: Susan Combs, Texas Comptroller of Public Accounts.

TABLE A-8
Estimated Allocations and Transfers from the General Revenue Fund

	Thousands of Dollars	
	<u>2012</u>	<u>2013</u>
Allocations and Transfers to Other Funds		
Available School Fund	\$ 762,404	\$ 645,345
State Highway Fund	2,271,223	1,920,046
County and Road District Fund	7,300	7,300
Economic Stabilization Fund	1,087,636	1,115,613
Teacher Retirement System Trust Fund (excl. health insurance)	1,525,475	1,676,607
Total Allocations and Transfers to Other Funds	<u>\$ 5,654,038</u>	<u>\$ 5,364,911</u>
Allocations and Transfers to Other Dedicated Accounts		
Parks and Wildlife	\$ 16,751	\$ 17,052
Motor Fuels Enforcement Allocation	26,975	27,793
State Parks Account-Sporting Goods Sales Tax (SGST)	36,072	38,453
Foundation School Fund Account	1,105,953	1,002,452
Local Parks Account-SGST	421	433
Hotel Occupancy-Economic Development	30,018	31,519
Texas Department of Insurance Operating Account	120,597	121,909
Parks and Wildlife Capital Account-SGST	0	0
Large County & Municipality Parks Account-SGST	302	302
Texas Historic Commission-SGST	5,089	4,908
Total Allocations and Transfers to Other Accounts	<u>\$ 1,342,178</u>	<u>\$ 1,244,821</u>
Total Allocations and Transfers from General Revenue	<u>\$ 6,996,216</u>	<u>\$ 6,609,732</u>

Details of the Economic Stabilization Fund - Cash Basis Reporting

Beginning Balance	\$ 5,012,390	\$ 6,135,087
Transfers and Interest Income		
Oil Production Tax Transfer	705,180	594,771
Natural Gas Production Tax Transfer	382,456	520,842
Unencumbered Balance Transfer	0	0
Interest Income	35,061	70,028
Total Transfers and Interest Income	<u>\$ 1,122,697</u>	<u>\$ 1,185,641</u>
Appropriations	\$ 0	\$ 0
Ending Balance	<u>\$ 6,135,087</u>	<u>\$ 7,320,728</u>

Note: Totals may not sum because of rounding.

SOURCE: Susan Combs, Texas Comptroller of Public Accounts.

TABLE A-9
Available School Fund and State Instructional Materials Fund
Estimated Balances, Revenues and Expenditures

	Thousands of Dollars	
	2012	2013
Beginning Cash Balances		
Available School Fund	\$ 10,857	\$ 136,026
State Instructional Materials Fund	203,888	-
Total Cash Balances	\$ 214,744	\$ 136,026
Estimated Revenues		
<i>Available School Fund</i>		
Total Return Allocation from Permanent School Fund	\$ 1,015,988	\$ 1,015,988
Interest on State Deposits	908	1,513
Allocation From General Revenue Fund	762,404	645,345
Total Estimated Available School Fund Revenues	\$ 1,779,300	\$ 1,662,846
<i>State Instructional Materials Fund</i>		
Sale of Textbooks	\$ 1,860	\$ 1,860
Interest on State Deposits	386	483
Other Revenue	0	0
Total Estimated State Instructional Materials Fund Revenues	\$ 2,246	\$ 2,343
Total Estimated Revenues and Cash Balances	\$ 1,996,290	\$ 1,801,215
Estimated Expenditures		
Instructional Materials*	\$ 608,131	\$ 0
Administration–State Instructional Materials Fund	2,184	2,181
Administration–Available School Fund	0	0
Per Capita Apportionment		
4,363,861 (prior year ADA) @ \$286	1,249,949	
4,509,058 (prior year ADA) @ \$399		1,799,034
Total Estimated Expenditures	\$ 1,860,265	\$ 1,801,215
Ending Cash Balance	\$ 136,026	\$ 0

* Represents only state funds.

Note: Totals may not sum because of rounding.

SOURCE: Legislative Budget Board and Susan Combs, Texas Comptroller of Public Accounts.

TABLE A-10
Foundation School Program and Other School Programs
Funded Through State General Revenue-Related Funds,
the Property Tax Relief Fund and Local Funds

	Thousands of Dollars	
	<u>2012</u>	<u>2013</u>
Cost of Public School Programs		
State Share of the Foundation School Program*	\$ 17,925,014	\$ 15,783,614
State Share of Other School Programs	17,136	17,136
Local Recapture—Attendance Credits*	906,500	835,600
Local Funds Assignment and Other Local Funds*	19,101,488	19,093,963
Total Cost of Public School Programs	\$ 37,950,138	\$ 35,730,312
Funding		
<i>State Funds</i>		
Available School Fund	\$ 1,779,300	\$ 1,662,846
Foundation School Fund Account—Opening Balance	141,360	0
Foundation School Fund Account—Occupation Taxes	1,105,953	1,002,452
Foundation School Fund Account—Lottery Proceeds	967,664	971,580
General Revenue	11,814,250	9,932,989
Property Tax Relief Fund	2,133,623	2,230,883
Total State Funds	\$ 17,942,150	\$ 15,800,750
<i>Local Funds</i>		
Recapture—Education Code Chapter 41, Subchapter D	\$ 225,628	\$ 207,981
Recapture—Education Code Chapter 41, Subchapter E	680,872	627,619
Local Funds Assignment and Other Local Funds	19,101,488	19,093,963
Total Local Funds	\$ 20,007,988	\$ 19,929,563
Total State and Local Funding	\$ 37,950,138	\$ 35,730,312

Funding Sources of the Property Tax Relief Fund

	Thousands of Dollars	
	<u>2012</u>	<u>2013</u>
Beginning Balance	\$ 0	\$ 0
Revenue		
3004 Motor Vehicle Sales and Use Tax	14,170	14,681
3130 Franchise/Business Margins Tax	1,326,873	1,368,472
3275 Cigarette Tax	777,570	831,913
3278 Cigar and Tobacco Products Taxes	14,317	14,662
3851 Interest—Other, General	693	1,155
Total Revenue	\$ 2,133,623	\$ 2,230,883
Net Transfers	\$ 0	\$ 0
Appropriations	\$ 2,133,623	\$ 2,230,883
Ending Balance	\$ 0	\$ 0

* As appropriated in GAA, 82nd Legislative Session

Note: Totals may not sum because of rounding.

SOURCE: Legislative Budget Board and Susan Combs, Texas Comptroller of Public Accounts.

TABLE A-11
Sources of State Highway Fund Revenue

Object Code	Description	Thousands of Dollars	
		2012	2013
State Revenue			
3010	Motor Lubricants Sales Tax	\$ 41,787	\$ 42,534
3012	Motor Vehicle Title Certificate Fees	26,341	26,868
3014	Motor Vehicle Registration Fees	1,156,060	1,195,580
3018	Special Vehicle Registration Fees	55,000	55,000
3750	Sales of Machinery and Equipment	20	20
3767	Supplies, Equipment, and Services	200,000	200,000
3851	Interest on State Deposits	42,899	42,899
3901	Motor Fuels Tax Allocations	2,271,223	1,920,046
	Other Revenue	88,425	87,674
	Total State Revenue	\$ 3,881,755	\$ 3,570,621
Federal Income			
3001	Federal Receipts–Matched–Transportation	\$ 3,139,161	\$ 3,215,966
3701	Federal Receipts–Not Matched–Other	31,303	31,303
	Total Federal Income	\$ 3,170,464	\$ 3,247,269
Total State Highway Fund Revenue		\$ 7,052,219	\$ 6,817,890

Note: Totals may not sum because of rounding.

SOURCE: Susan Combs, Texas Comptroller of Public Accounts.

TABLE A-12
State Revenue, By Source and Fiscal Year
General Revenue-Related

	Thousands of Dollars			
	2010 Actual	2011 Actual	2012 Estimated	2013 Estimated
<i>Tax Collections</i>				
Sales Taxes	\$ 19,560,056	\$ 21,400,520	\$ 22,541,961	\$ 22,624,654
Motor Vehicle Sales and Rental Taxes	2,620,530	2,954,206	3,205,146	3,097,685
Motor Fuel Taxes	814,980	828,856	841,157	1,271,709
Franchise Tax	2,648,909	2,677,267	2,703,923	2,771,274
Insurance Taxes	1,322,696	1,348,073	1,408,736	1,442,464
Natural Gas Production Tax	725,538	1,109,718	1,294,232	996,097
Cigarette and Tobacco Taxes	573,719	605,956	556,606	592,671
Alcoholic Beverage Taxes	809,234	862,032	889,680	934,917
Oil Production and Regulation Taxes	1,008,664	1,472,847	1,325,589	1,194,326
Inheritance Tax	81	1,807	0	0
Utility Taxes	478,743	457,722	482,841	489,985
Hotel Occupancy Tax	330,809	348,796	368,005	379,722
Other Taxes	60,088	114,103	116,997	93,894
Total Tax Collections	\$ 30,954,048	\$ 34,181,902	\$ 35,734,873	\$ 35,889,398
<i>Revenue By Source</i>				
Tax Collections	\$ 30,954,048	\$ 34,181,902	\$ 35,734,873	\$ 35,889,398
Licenses, Fees, Fines, and Penalties	1,177,468	1,182,052	1,147,319	1,144,916
Interest and Investment Income	27,776	1,113,118	981,714	958,164
Lottery Proceeds	1,000,434	963,173	967,664	971,580
Sales of Goods and Services	109,076	108,894	112,028	113,844
Settlement of Claims	549,249	579,454	518,822	460,715
Land Income	8,152	10,691	8,318	8,518
Contributions to Employee Benefits	169	158	169	169
Other Revenue	1,544,071	1,627,802	1,680,745	2,040,064
Total Net Revenue	\$ 35,370,445	\$ 39,767,244	\$ 41,151,652	\$ 41,587,368

Note: Totals may not sum because of rounding.

SOURCE: Susan Combs, Texas Comptroller of Public Accounts.

TABLE A-13
Percent Change in State Revenue, By Source and Fiscal Year
General Revenue-Related

	2010	2011	2012	2013
	Actual	Actual	Estimated	Estimated
<i>Tax Collections</i>				
Sales Taxes	(6.6) %	9.4 %	5.3 %	0.4 %
Motor Vehicle Sales and Rental Taxes	2.0	12.7	8.5	(3.4)
Motor Fuel Taxes	1.1	1.7	1.5	51.2
Franchise Tax	(4.6)	1.1	1.0	2.5
Insurance Taxes	5.3	1.9	4.5	2.4
Natural Gas Production Tax	(48.5)	53.0	16.6	(23.0)
Cigarette and Tobacco Taxes	(1.1)	5.6	(8.1)	6.5
Alcoholic Beverage Taxes	1.5	6.5	3.2	5.1
Oil Production and Regulation Taxes	14.0	46.0	(10.0)	(9.9)
Inheritance Tax	(95.9)	2,117.9	(100.0)	0.0
Utility Taxes	(7.7)	(4.4)	5.5	1.5
Hotel Occupancy Tax	(3.7)	5.4	5.5	3.2
Other Taxes	(13.5)	89.9	2.5	(19.7)
Total Tax Collections	(6.1) %	10.4 %	4.5 %	0.4 %
<i>Revenue By Source</i>				
Tax Collections	(6.1) %	10.4 %	4.5 %	0.4 %
Licenses, Fees, Fines, and Penalties	(0.2)	0.4	(2.9)	(0.2)
Interest and Investment Income	(96.1)	3,907.4	(11.8)	(2.4)
Lottery Proceeds	0.0	(3.7)	0.5	0.4
Sales of Goods and Services	0.3	(0.2)	2.9	1.6
Settlement of Claims	(1.4)	5.5	(10.5)	(11.2)
Land Income	(32.6)	31.1	(22.2)	2.4
Contributions to Employee Benefits	(37.5)	(6.6)	7.0	0.0
Other Revenue	6.3	5.4	3.3	21.4
Total Net Revenue	(6.9) %	12.4 %	3.5 %	1.1 %

SOURCE: Susan Combs, Texas Comptroller of Public Accounts.

TABLE A-14
State Revenue, By Source and Biennium
General Revenue-Related

	Thousands of Dollars		
	2008-09 Actual	2010-11 Actual	2012-13 Estimated
<i>Tax Collections</i>			
Sales Taxes	\$ 42,451,469	\$ 40,960,576	\$ 45,166,615
Motor Vehicle Sales and Rental Taxes	5,885,755	5,574,736	6,302,831
Motor Fuel Taxes	1,631,765	1,643,836	2,112,866
Franchise Tax	5,652,375	5,326,176	5,475,197
Insurance Taxes	2,705,505	2,670,769	2,851,200
Natural Gas Production Tax	4,092,387	1,835,256	2,290,329
Cigarette and Tobacco Taxes	1,113,911	1,179,675	1,149,277
Alcoholic Beverage Taxes	1,581,017	1,671,266	1,824,597
Oil Production and Regulation Taxes	2,321,390	2,481,511	2,519,915
Inheritance Tax	7,584	1,888	0
Utility Taxes	1,022,762	936,465	972,826
Hotel Occupancy Tax	714,524	679,606	747,727
Other Taxes	155,439	174,191	210,891
Total Tax Collections	\$ 69,335,884	\$ 65,135,951	\$ 71,624,271
<i>Revenue By Source</i>			
Tax Collections	\$ 69,335,884	\$ 65,135,951	\$ 71,624,271
Licenses, Fees, Fines, and Penalties	2,695,594	2,359,520	2,292,235
Interest and Investment Income	1,606,600	1,140,895	1,939,878
Lottery Proceeds	1,983,549	1,963,607	1,939,244
Sales of Goods and Services	214,780	217,970	225,872
Settlement of Claims	1,101,929	1,128,703	979,537
Land Income	20,755	18,844	16,836
Contributions to Employee Benefits	15,291	327	338
Other Revenue	2,672,759	3,171,873	3,720,809
Total Net Revenue	\$ 79,647,141	\$ 75,137,690	\$ 82,739,020

Note: Totals may not sum because of rounding.

SOURCE: Susan Combs, Texas Comptroller of Public Accounts.

TABLE A-15
Percent Change in State Revenue, By Source and Biennium
General Revenue-Related

	<u>2008-09</u>		<u>2010-11</u>		<u>2012-13</u>
	Actual		Actual		Estimated
<i><u>Tax Collections</u></i>					
Sales Taxes	10.6	%	(3.5)	%	10.3
Motor Vehicle Sales and Rental Taxes	(7.5)		(5.3)		13.1
Motor Fuel Taxes	1.0		0.7		28.5
Franchise Tax	(1.7)		(5.8)		2.8
Insurance Taxes	4.9		(1.3)		6.8
Natural Gas Production Tax	(3.4)		(55.2)		24.8
Cigarette and Tobacco Taxes	(4.3)		5.9		(2.6)
Alcoholic Beverage Taxes	11.9		5.7		9.2
Oil Production and Regulation Taxes	36.8		6.9		1.5
Inheritance Tax	(59.3)		(75.1)		(100.0)
Utility Taxes	3.6		(8.4)		3.9
Hotel Occupancy Tax	10.2		(4.9)		10.0
Other Taxes	5.0		12.1		21.1
Total Tax Collections	6.7	%	(6.1)	%	10.0
<i><u>Revenue By Source</u></i>					
Tax Collections	6.7	%	(6.1)	%	10.0
Licenses, Fees, Fines, and Penalties	1.9		(12.5)		(2.9)
Interest and Investment Income	(19.3)		(29.0)		70.0
Lottery Proceeds	(3.8)		(1.0)		(1.2)
Sales of Goods and Services	11.3		1.5		3.6
Settlement of Claims	2.9		2.4		(13.2)
Land Income	6.8		(9.2)		(10.7)
Contributions to Employee Benefits	(96.7)		(97.9)		3.4
Other Revenue	6.9		18.7		17.3
Total Net Revenue	4.9	%	(5.7)	%	10.1

SOURCE: Susan Combs, Texas Comptroller of Public Accounts.

TABLE A-16
State Revenue, By Source and Fiscal Year
All Funds, Excluding Trust Funds

	Thousands of Dollars			
	2010 Actual	2011 Actual	2012 Estimated	2013 Estimated
<i><u>Tax Collections</u></i>				
Sales Taxes	\$ 19,630,306	\$ 21,478,983	\$ 22,620,934	\$ 22,704,457
Motor Vehicle Sales and Rental Taxes	2,630,137	2,977,664	3,229,647	3,123,071
Motor Fuel Taxes	3,041,973	3,104,200	3,112,380	3,191,755
Franchise Tax	3,856,866	3,932,114	4,030,796	4,139,746
Insurance Taxes	1,324,703	1,349,642	1,409,952	1,443,681
Natural Gas Production Tax	725,538	1,109,718	1,294,232	996,097
Cigarette and Tobacco Taxes	1,388,765	1,559,506	1,374,318	1,464,814
Alcoholic Beverage Taxes	809,234	862,032	889,680	934,917
Oil Production and Regulation Taxes	1,008,664	1,472,847	1,325,589	1,194,326
Inheritance Tax	81	1,807	0	0
Utility Taxes	478,743	457,722	482,841	489,985
Hotel Occupancy Tax	330,809	348,796	368,005	379,722
Other Taxes	143,081	201,145	199,110	176,007
Total Tax Collections	\$ 35,368,901	\$ 38,856,176	\$ 40,337,484	\$ 40,238,578
<i><u>Revenue By Source</u></i>				
Tax Collections	\$ 35,368,901	\$ 38,856,176	\$ 40,337,484	\$ 40,238,578
Federal Income	36,856,627	38,430,476	35,706,998	35,540,809
Licenses, Fees, Fines, and Penalties	6,862,919	7,876,583	7,455,180	7,532,159
Interest and Investment Income	1,058,575	1,034,610	867,732	931,237
Lottery Proceeds	1,633,923	1,675,476	1,691,972	1,698,819
Sales of Goods and Services	408,053	283,091	418,868	420,524
Settlement of Claims	557,255	587,983	526,042	467,936
Land Income	760,614	1,461,788	713,133	695,533
Contributions to Employee Benefits	169	158	169	169
Other Revenue	3,850,123	4,064,549	3,753,669	4,094,698
Total Net Revenue	\$ 87,357,158	\$ 94,270,890	\$ 91,471,247	\$ 91,620,462

Note: Totals may not sum because of rounding.

SOURCE: Susan Combs, Texas Comptroller of Public Accounts.

TABLE A-17
Percent Change in State Revenue, By Source and Fiscal Year
All Funds, Excluding Trust Funds

	<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>2013</u>	
	<u>Actual</u>		<u>Actual</u>		<u>Estimated</u>		<u>Estimated</u>	
<i>Tax Collections</i>								
Sales Taxes	(6.6)	%	9.4	%	5.3	%	0.4	%
Motor Vehicle Sales and Rental Taxes	1.1		13.2		8.5		(3.3)	
Motor Fuel Taxes	0.3		2.0		0.3		2.6	
Franchise Tax	(9.3)		2.0		2.5		2.7	
Insurance Taxes	5.4		1.9		4.5		2.4	
Natural Gas Production Tax	(48.5)		53.0		16.6		(23.0)	
Cigarette and Tobacco Taxes	(10.8)		12.3		(11.9)		6.6	
Alcoholic Beverage Taxes	1.5		6.5		3.2		5.1	
Oil Production and Regulation Taxes	14.0		46.0		(10.0)		(9.9)	
Inheritance Tax	(95.9)		2,117.9		(100.0)		0.0	
Utility Taxes	(7.7)		(4.4)		5.5		1.5	
Hotel Occupancy Tax	(3.7)		5.4		5.5		3.2	
Other Taxes	(8.6)		40.6		(1.0)		(11.6)	
Total Tax Collections	(6.5)	%	9.9	%	3.8	%	(0.2)	%
<i>Revenue By Source</i>								
Tax Collections	(6.5)	%	9.9	%	3.8	%	(0.2)	%
Federal Income	19.4		4.3		(7.1)		(0.5)	
Licenses, Fees, Fines, and Penalties	(4.7)		14.8		(5.4)		1.0	
Interest and Investment Income	(21.4)		(2.3)		(16.1)		7.3	
Lottery Proceeds	3.3		2.5		1.0		0.4	
Sales of Goods and Services	(4.6)		(30.6)		48.0		0.4	
Settlement of Claims	(1.3)		5.5		(10.5)		(11.0)	
Land Income	(3.5)		92.2		(51.2)		(2.5)	
Contributions to Employee Benefits	(37.5)		(6.6)		7.0		0.0	
Other Revenue	4.2		5.6		(7.6)		9.1	
Total Net Revenue	3.6	%	7.9	%	(3.0)	%	0.2	%

SOURCE: Susan Combs, Texas Comptroller of Public Accounts.

TABLE A-18
State Revenue, By Source and Biennium
All Funds, Excluding Trust Funds

	Thousands of Dollars		
	2008-09 Actual	2010-11 Actual	2012-13 Estimated
<i><u>Tax Collections</u></i>			
Sales Taxes	\$ 42,618,155	\$ 41,109,289	\$ 45,325,391
Motor Vehicle Sales and Rental Taxes	5,942,528	5,607,802	6,352,718
Motor Fuel Taxes	6,134,297	6,146,173	6,304,135
Franchise Tax	8,701,658	7,788,980	8,170,542
Insurance Taxes	2,707,498	2,674,345	2,853,633
Natural Gas Production Tax	4,092,387	1,835,256	2,290,329
Cigarette and Tobacco Taxes	3,003,688	2,948,271	2,839,132
Alcoholic Beverage Taxes	1,581,017	1,671,266	1,824,597
Oil Production and Regulation Taxes	2,321,390	2,481,511	2,519,915
Inheritance Tax	7,584	1,888	0
Utility Taxes	1,022,762	936,465	972,826
Hotel Occupancy Tax	714,524	679,606	747,727
Other Taxes	332,893	344,226	375,117
Total Tax Collections	\$ 79,180,382	\$ 74,225,077	\$ 80,576,062
<i><u>Revenue By Source</u></i>			
Tax Collections	\$ 79,180,382	\$ 74,225,077	\$ 80,576,062
Federal Income	57,098,259	75,287,103	71,247,807
Licenses, Fees, Fines, and Penalties	17,425,954	14,739,502	14,987,339
Interest and Investment Income	3,655,559	2,093,185	1,798,969
Lottery Proceeds	3,179,449	3,309,399	3,390,791
Sales of Goods and Services	923,586	691,144	839,392
Settlement of Claims	1,113,275	1,145,238	993,978
Land Income	1,838,076	2,222,403	1,408,666
Contributions to Employee Benefits	15,291	327	338
Other Revenue	6,838,659	7,914,672	7,848,367
Total Net Revenue	\$ 171,268,489	\$ 181,628,048	\$ 183,091,709

Note: Totals may not sum because of rounding.

SOURCE: Susan Combs, Texas Comptroller of Public Accounts.

TABLE A-19
Percent Change in State Revenue, By Source and Biennium
All Funds, Excluding Trust Funds

	<u>2008-09</u>		<u>2010-11</u>		<u>2012-13</u>
	Actual		Actual		Estimated
<i>Tax Collections</i>					
Sales Taxes	10.6	%	(3.5)	%	10.3
Motor Vehicle Sales and Rental Taxes	(7.2)		(5.6)		13.3
Motor Fuel Taxes	1.4		0.2		2.6
Franchise Tax	51.3		(10.5)		4.9
Insurance Taxes	4.9		(1.2)		6.7
Natural Gas Production Tax	(3.4)		(55.2)		24.8
Cigarette and Tobacco Taxes	59.8		(1.8)		(3.7)
Alcoholic Beverage Taxes	11.9		5.7		9.2
Oil Production and Regulation Taxes	36.8		6.9		1.5
Inheritance Tax	(59.3)		(75.1)		(100.0)
Utility Taxes	3.6		(8.4)		3.9
Hotel Occupancy Tax	10.2		(4.9)		10.0
Other Taxes	11.6		3.4		9.0
Total Tax Collections	12.3	%	(6.3)	%	8.6
<i>Revenue By Source</i>					
Tax Collections	12.3	%	(6.3)	%	8.6
Federal Income	16.3		31.9		(5.4)
Licenses, Fees, Fines, and Penalties	34.9		(15.4)		1.7
Interest and Investment Income	(15.4)		(42.7)		(14.1)
Lottery Proceeds	1.3		4.1		2.5
Sales of Goods and Services	(10.4)		(25.2)		21.4
Settlement of Claims	2.7		2.9		(13.2)
Land Income	14.0		20.9		(36.6)
Contributions to Employee Benefits	(96.7)		(97.9)		3.4
Other Revenue	25.5		15.7		(0.8)
Total Net Revenue	14.5	%	6.0	%	0.8

SOURCE: Susan Combs, Texas Comptroller of Public Accounts.