

October 13, 2015

The Honorable Greg Abbott, Governor
The Honorable Dan Patrick, Lieutenant Governor
The Honorable Joseph R. Straus, III, Speaker of the House
Members of the 84th Legislature

Ladies and Gentlemen:

In accordance with the Texas Government Code, Section 403.0131, I present herewith the detailed tables for the revenue estimate I used to certify the General Appropriations Act for the 2016-17 biennium and other appropriations bills approved by the 84th Legislature.

The estimates in this document include actual revenue collections and disbursements through August 31, 2015, and the estimated fiscal impact of all legislation passed by the 84th Legislature, including historically significant tax and fee cuts. These included a reduction in franchise tax rates, a constitutional amendment pending voter approval to increase the homestead exemption for school district property taxes, the elimination of eight taxes and the repeal of a \$200 fee for many professions.

After accounting for statutory transfers, balances on hand at the close of the 2014-15 biennium and expected revenue collections and adjustments, the state will have a total of \$110.31 billion in General Revenue-related funds available. This revenue supports general-purpose spending of \$106.22 billion for the 2016-17 biennium, resulting in an expected ending General Revenue-related certification balance of \$4.09 billion, of which \$3.48 billion represents General Revenue-dedicated account balances.

In fiscal 2016, the Economic Stabilization Fund (ESF) and State Highway Fund (SHF) each will receive \$1.13 billion in transfers from the General Revenue Fund from severance taxes collected in fiscal 2015. We are projecting lower average oil and natural gas prices in fiscal 2016 than we experienced in fiscal 2015. These lower prices, combined with reduced production, will result in transfers of \$594 million to both the ESF and SHF in fiscal 2017.

The Legislature passed a proposed constitutional amendment that would direct more revenue to the state's transportation needs. If voters in November approve the proposed constitutional amendment to deposit a portion of state sales tax and motor vehicle sales tax revenue to the SHF, deposits will begin in fiscal 2018 and, therefore, will have no effect on the 2016-17 biennium.



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** The amount originally cited as reserved from fiscal 2016-17 oil and natural gas tax collections for transfer to the ESF and the SHF (\$2.539 billion) was slightly understated, and the report has been revised to reflect the correct amount of \$2.669 billion, a difference of \$129.5 million.*

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The economic forecast supporting this estimate assumes moderate growth in the state's economy. Recent declines in oil and natural gas prices, with no significant recovery expected in the biennium, will result in slower economic growth than the state experienced in recent years. Thanks in part to a welcoming business climate and regulatory environment, the Texas economy benefited from a technological revolution in oil and natural gas drilling. The "fracking boom" in oil and natural gas production helped Texas emerge from the Great Recession more quickly and strongly than the nation did.

We are projecting a more modest expansion of the Texas economy in this biennium, below the growth rates of recent years. The most likely scenario is one of slow, steady expansion. Economic growth in Texas likely will track more closely to the national rate of growth, in contrast to more robust growth in recent years.

Global economic conditions, of course, can affect the U.S. and Texas economies. Economic growth in China appears to have slowed and Europe remains a concern. Political gridlock in Washington could hamper growth in the economy and can have a direct impact on Texas revenues if it slows the allocation of federal funds for transportation, education and other matters.

Pending state and federal legal and regulatory issues in Texas also could affect revenue and spending. Court decisions in ongoing tax litigation could significantly affect both franchise and sales tax revenues. An expected Texas Supreme Court decision in the school finance case also could affect state spending, revenue collections or both. In addition, the Texas Railroad Commission has reclassified some oil wells as natural gas wells, making them potentially eligible for the high-cost natural gas tax rate reduction. If such reclassifications were expanded, it could adversely affect revenues as a result of refunds and reduced natural gas tax collections. Finally, any changes to Federal Medical Assistance Percentages (FMAP) rates could affect both estimated state revenue collections and spending for the Medicaid program.

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

Sincerely,



Glenn Hegar

Enclosure

cc: Ursula Parks, Director, Legislative Budget Board





The 2016-17 Certification Revenue Estimate

The State of Texas will have an estimated \$110.31¹ billion available for general-purpose spending in the 2016-17 biennium, 6.4 percent more than in 2014-15. This figure represents the sum of the 2014-15 ending balance and estimated tax and non-tax revenue collections in 2016-17, less revenue set aside for transfers to the Economic Stabilization Fund (ESF) and State Highway Fund (SHF), and adjustments to General Revenue-dedicated account balances. Taking all state revenue sources into account, the state is expected to collect \$214.00 billion in revenue for all state funds in 2016-17.

The state's tax system is the main source of General Revenue-related funding.² Tax collections in 2016-17 will generate \$93.13 billion, while non-tax revenue sources will produce an additional \$12.63 billion. Factoring in the estimated \$8.34 billion ending balance carried forward from 2014-15, these three sources will total \$114.11 billion. Against this amount, \$2.67 billion must be placed in reserve for future transfers to the ESF and the SHF, and \$1.13 billion must be deducted for various adjustments to General Revenue-dedicated account balances (**Table 1**).

1 The amount originally cited as reserved from fiscal 2016-17 oil and natural gas tax collections for transfer to the ESF and the SHF (\$2.539 billion) was slightly understated, and the report has been revised to reflect the correct amount of \$2.669 billion, a difference of \$129.5 million.

2 General Revenue-related funds affect the discretionary spending detailed in the General Appropriation Act and consist of the General Revenue Fund; Available School Fund; State Instructional Materials Fund; Foundation School Program General Revenue-Dedicated Account; and the General Revenue Account related to the Tobacco Settlement. Unless otherwise specified, revenues presented in this report are for General Revenue-related funds.

General Revenue-related spending is expected to total \$106.22 billion in the 2016-17 biennium (**Table 2**). Subtracting this amount from the projected \$110.31 billion available for general-purpose spending leaves an estimated 2016-17 ending balance of \$4.09 billion (**Table 3**).

Texas Economic Outlook

Despite significant retrenchment in the oil and natural gas and related industries during the past eight months, Texas added 319,000 nonfarm jobs in fiscal 2015, more than any other state except California. Total nonfarm employment rose by 2.8 percent in 2015, to 11,775,000. Employment growth is expected to slow in the 2016-17 biennium, however, rising by a projected 1.7 percent in fiscal 2016 and 1.8 percent in 2017 (**Table 4**).

After increasing by 5.8 percent in fiscal 2014, Texas real gross state product (GSP) grew by an estimated 2.4 percent in 2015, led by increases in the construction, mining and logging and education and health services industries. Real GSP is expected to increase by 2.4 percent in fiscal 2016 and another 2.3 percent in 2017.

While Texas real GSP grew by 2.4 percent in fiscal 2015, its nominal (current-dollar) value rose by only 0.7 percent as a result of the precipitous decline in oil and natural gas prices. The monthly average market price for oil fell from \$96.54 per barrel in August 2014 to \$42.87 in August 2015, a decline of more than 55 percent. Nominal GSP is expected to increase by 3.2 percent in 2016 and 4.3 percent in 2017.

After growth of 4.2 percent in fiscal 2014, Texas personal income rose by an estimated 4.8 percent in 2015. Personal income is projected to grow by 4.7 percent in 2016 and 5.9 percent in 2017.

The Texas unemployment rate has improved substantially, from an average of 5.3 percent in fiscal 2014 to 4.4 percent in 2015. As of August, the state's unemployment rate was 4.1 percent. Further improvement is not expected in the next two years, however, with an estimated average of 4.3 percent in 2016 and 4.4 percent in 2017.

In summary, the recent fall in oil and natural gas prices and the absence of significant recovery in those prices is expected to result in reduced economic activity that will slow the rate of growth of the Texas economy during the next two years. Texas' GSP, personal income and employment growth all are projected to be in line with U.S. growth rates, but lower than Texas experienced during the rebound from the Great Recession. Texas' unemployment rate, however, will continue to be lower than that of the U.S.

The 2014-15 Ending Balance

The ending General Revenue-related certification balance for 2014-15 was \$8.34 billion, after setting aside \$2.27 billion for constitutionally required transfers to the ESF and SHF from fiscal 2015 oil and natural gas severance tax collections. The ending balance, in addition to estimated net revenue collections in the 2016-17 biennium, will be used to fund 2016-17 appropriations (**Table 3**).

Transfers to the Economic Stabilization Fund and State Highway Fund

The constitutionally required transfer of fiscal 2015 oil production tax and natural gas production tax collections reserved for deposit to the ESF and SHF in fiscal 2016 will total \$2.27 billion, an amount that will be divided equally between the two funds. These transfer amounts have been deducted from revenues and balances available for the 2016-17 biennium.

In fiscal 2017, the two funds will receive equal shares from an estimated \$1.19 billion reserved from oil and natural gas production taxes collected in fiscal 2016. An estimated \$1.48 billion will be reserved from fiscal 2017 oil and natural gas tax collections for transfer to the two funds in fiscal 2018, in the next biennium.

After the fiscal 2017 transfers, and accounting for interest and other investment earnings, the total ESF balance—cash and the invested balance—should reach \$10.40 billion at the end of the 2016-17 biennium, absent any additional appropriations from the fund. The constitutional limit on the ESF balance, estimated to be \$16.20 billion during the course of the 2016-17 biennium, will not be reached.

Tax Revenue

The state's tax system is the main source of General Revenue-related funding. Tax collections in the 2016-17 biennium are expected to total \$93.13 billion, a modest 1.5 percent increase from collections in 2014-15. In 2016-17, tax collections will be 88 percent of total net general revenues (**Table 1**).

Since 1988, state sales tax revenues have accounted for more than half of all state General Revenue-related tax collections. In the 2016-17 biennium, sales tax collections are expected to be \$59.69 billion, accounting for 64 percent of all General Revenue-related tax collections. The motor vehicle sales and rental taxes, at \$9.77 billion, and the franchise tax, at \$5.70 billion, are the next largest sources of General Revenue-related revenue for 2016-17.

Sales and Use Taxes: General Revenue-related collections from the state sales tax (at a rate of 6.25 percent) were \$56.06 billion in the 2014-15 biennium, an increase of 12.3 percent compared to 2012-13 collections of \$49.94 billion. This growth was propelled by an expanding economy, with taxable spending by consumers and businesses on the rise. Growth in sales tax revenue was tempered in the latter months of fiscal 2015, as

oil and gas exploration and production companies began to curb spending in response to lower energy prices.

While the outlook is for continued expansion in the broader economy, subdued spending in the energy sector should further dampen the rate of growth in sales tax collections in the 2016-17 biennium. General Revenue-related sales tax revenue is forecast to grow by only 6.5 percent for the biennium, to \$59.69 billion. The estimate assumes no unfavorable outcomes for the state related to significant sales tax litigation during the biennium.

The fireworks sales tax was repealed by the 84th Legislature (SB 761, effective September 1, 2015). A small amount of revenue will be collected in the 2016-17 biennium.

Franchise Tax: Franchise tax collections for all funds increased by a modest 0.3 percent, from \$9.36 billion in the 2012-13 biennium to \$9.39 billion in 2014-15, reflecting changes made by the 83rd Legislature to the tax, including temporary reductions in the basic franchise tax rates, an additional method for determining taxable margin, and a new tax credit for research and development activities. Without those changes, the growth in tax collections would have been in line with growth of the Texas economy.

More significant changes were enacted by the 84th Legislature (HB 32, effective January 1, 2016). The basic tax rates were permanently reduced by 25 percent; the rate for the EZ calculation was reduced from 0.575 percent to 0.331 percent; and the total revenue threshold to determine eligibility for the EZ calculation was raised from a maximum of \$10 million to a maximum of \$20 million. These changes will save taxpayers an estimated \$2.6 billion in the 2016-17 biennium. Estimated franchise tax revenue collections for 2016-17 for all funds are \$7.08 billion, a decrease of 24.6 percent from 2014-15.

Because of the way franchise tax revenue is allocated by law between the General Revenue Fund and the Property Tax Relief Fund (PTRF), the impacts of the tax changes will affect only the PTRF. An estimated \$5.70 billion will be deposited to General Revenue in 2016-

17. An additional \$1.38 billion will be deposited to the PTRF. The estimate assumes no unfavorable outcomes for the state related to significant franchise tax litigation during the biennium.

Motor Vehicle Sales and Rental Taxes: The motor vehicle sales tax applies to retail sales of new and used vehicles (including seller-financed sales) at a rate of 6.25 percent. This group of taxes includes the motor vehicle rental tax (10 percent on rentals of 30 days or less or 6.25 percent on rentals of 31 to 180 days) and the manufactured housing sales and use tax (5 percent of 65 percent of the sales price of a new manufactured home). Together, General Revenue-related collections from this entire group of taxes are expected to reach \$9.77 billion in the 2016-17 biennium, an increase of 13.0 percent from 2014-15 collections of \$8.65 billion. An additional \$80 million will be deposited to the PTRF and the Emissions Reduction Plan Account from collections in 2016-17.

Oil Production (and Regulation) Taxes: The oil production tax is levied at a rate of 4.6 percent of market value. Oil prices declined precipitously during fiscal 2015 as supply continued to outpace demand. The average NYMEX market price in 2015 was \$64.94 per barrel, 36 percent below the 2014 average of \$101.05. Although Texas oil production in 2015 was almost 19 percent higher than in 2014, oil production tax collections of \$2.88 billion in 2015 were 25.7 percent below 2014's all-time record of \$3.87 billion.

Looking forward, in 2016 Texas oil production is expected to decline after six years of rising production, as prices are expected to remain low in the near term. The market price is estimated to average \$49.48 per barrel in fiscal 2016 and \$56.52 in 2017. In turn, oil production tax collections are expected to generate \$3.91 billion in the 2016-17 biennium, compared to \$6.75 billion in 2014-15, a decrease of 42.1 percent.

The oil regulation tax was repealed by the 84th Legislature (SB 757, effective September 1, 2015). A small amount of revenue will be collected in the 2016-17 biennium.

Natural Gas Production Tax: This tax is levied at a rate of 7.5 percent of market value. As with oil, natural gas market prices fell in fiscal 2015, from an average of \$4.23 per million BTUs in November 2014 to a low of \$2.59 in April 2015, a drop of 39 percent, and then recovered slightly through the remainder of the year. The fiscal 2015 average of \$3.34 was 20 percent lower than the 2014 average of \$4.18.

The average number of natural gas drilling rigs operating in Texas fell to 70 in fiscal 2015 from an average of 103 in 2014, yet improved well productivity combined with substantial amounts of natural gas associated with oil production (known as casinghead gas) allowed total production to remain stable in 2015. Production is expected to decline slightly in 2016 and 2017, with prices averaging \$2.91 in 2016 and \$3.05 in 2017. Tax collections for the 2016-17 biennium are expected to total \$1.92 billion, a 39.8 percent reduction from 2014-15 collections of \$3.18 billion.

The Railroad Commission has reclassified some oil wells as natural gas wells, potentially making them eligible to pay reduced natural gas production tax rates under the high-cost natural gas provisions of the Tax Code. An increase in the number of such reclassifications granted could result in lower collections from the natural gas production tax than in the estimates in this document.

Motor Fuel Taxes: Motor fuel taxes are levied on gasoline and diesel fuel at a rate of 20 cents per gallon, and on liquefied and compressed natural gas at a rate of 15 cents per gallon. About 75 percent of these taxes are deposited to the SHF and the remaining 25 percent to General Revenue-related funds. These taxes are expected to produce \$1.90 billion for General Revenue-related funds during the 2016-17 biennium, 4.3 percent more than the \$1.82 billion collected in 2014-15. The revenue increase is primarily due to increased fuel consumption by a growing state population and economy.

The liquefied gas tax on propane fuel was repealed by the 84th Legislature (HB 1905, effective September 1,

2015). A small amount of revenue from the repealed tax will be collected in the 2016-17 biennium, but that will be offset by refunds for unused decals.

Tobacco and Alcoholic Beverage Taxes: Collections to all funds in the 2016-17 biennium from the taxes on cigarettes (\$1.41 per pack), cigars (from 1 cent per 10 cigars to \$15 per 1,000 cigars) and other tobacco products (\$1.22 per ounce for snuff, chewing tobacco, roll-your-own tobacco and pipe tobacco) are expected to decline by 1.5 percent to \$2.83 billion from \$2.87 billion in 2014-15, a trend consistent with recent fiscal periods. From 2016-17 collections, \$1.15 billion will be deposited to the General Revenue Fund and \$1.68 billion will be credited to the PTRF.

Texas levies six alcoholic beverage taxes: the mixed beverage gross receipts tax (6.7 percent of gross receipts); the mixed beverage sales tax (8.25 percent); and excise taxes on liquor (\$2.40 per gallon), beer (\$6 per barrel), wine (from 20.4 to 51.6 cents per gallon) and ale (19.8 cents per gallon). Alcoholic beverage tax collections are deposited to General Revenue. In 2016-17 collections should grow by 11.1 percent to \$2.44 billion, compared to \$2.19 billion in 2014-15. A seventh tax, levied on airline and passenger train beverages, was repealed by the 84th Legislature (HB 1905, effective September 1, 2015). A small amount of revenue will be collected from that tax in the 2016-17 biennium.

Insurance Taxes: General Revenue-related insurance tax revenue is projected to reach \$4.41 billion in the 2016-17 biennium, up 10.3 percent from the \$4.00 billion collected in 2014-15. An additional \$2 million will be deposited directly to the Department of Insurance operating account in 2016-17. The tax base is expected to display modest growth throughout the biennium, spurred by increases in population, property values and the volume of real estate sales. In addition, the expansion of Medicaid managed care in long-term care facilities (which is subject to the insurance premium and maintenance taxes, while Medicaid on a fee-for-service basis is not) is expected to result in an increase in associated insurance tax payments.

Hotel Occupancy Tax: The hotel occupancy tax is imposed on a person who pays for a hotel, motel or a similar facility at a state tax rate of 6 percent of the price paid for the room. Fiscal 2015 was the fourth consecutive year of record hotel tax collections, reaching \$526 million, and 2014-15 biennium collections of \$1.01 billion were 20.0 percent above the previous biennium. In 2016-17, collections are expected to reach \$1.13 billion, 12.0 percent above 2014-15. Local taxing authorities are authorized to impose and collect an additional local hotel tax.

Utility Taxes: The utility taxes group comprises three separate taxes: the gas, electric and water utility tax, which accounts for more than 80 percent of the group's tax collections; the public utility gross receipts assessment; and the gas utility pipeline tax. In the 2014-15 biennium, utility tax revenue collections were \$959 million, an increase of 8.3 percent from 2012-13 primarily due to extreme weather in the winter of 2013-14 that substantially raised utility companies' taxable receipts. In 2016-17, collections are expected to grow by 1.2 percent, to reach \$971 million.

Other Taxes: The 84th Legislature repealed, effective September 1, 2015, several taxes in this category, including the attorney occupation tax, sulphur tax, bingo rental tax, controlled substance tax and inheritance tax. Collections from those abolished taxes totaled \$35 million in the 2014-15 biennium. The taxes that remain in this category include taxes on oil well services, coin-operated amusement machines, cement and combative sports admissions.

The other taxes category is expected to generate \$156 million in General Revenue-related collections in 2016-17, down 53.5 percent from \$336 million in 2014-15. In addition to the repeals' fiscal impacts, this expected decline is due to oil well service tax collections falling by 58 percent as oil exploration and production in Texas contracts. A small amount of revenue from the repealed taxes will be collected in the 2016-17 biennium.

Non-Tax Revenue

In 2016-17, the state's General Revenue-related funds are expected to receive \$12.63 billion in non-tax revenue, a 1.1 percent increase from \$12.49 billion in 2014-15 receipts. The major revenue sources are licenses, fees, fines and penalties; lottery proceeds; interest and investment income; the vendor drug program; unclaimed property and escheated estates; and tobacco settlement payments.

Licenses, Fees, Fines and Penalties: Texas collects revenue from charges levied on business and personal activities, such as transportation (e.g., vehicle registrations and drivers licenses), business regulation (professional licenses), activities that may affect the environment (environmental permits), park usage and certain outdoor activities (parks fees and hunting/fishing licenses), education (university tuition), and court charges. Collections from these sources in the 2016-17 biennium are expected to reach \$2.68 billion, 13.5 percent less than 2014-15 collections of \$3.10 billion.

More than two-thirds of that revenue decline is due to two actions of the 84th Legislature. HB 7 repealed the \$200 annual surcharge applied to various professional licenses, effective September 1, 2015, while SB 1512 redirected the collections from several motor vehicle registration and certification fees from the General Revenue Fund to a new Texas Department of Motor Vehicles Fund, effective September 1, 2016.

Net Lottery Proceeds: Large jackpots on multi-state draw games like Powerball and Megamillions create waves of sales in Texas, but the timing of such events cannot be predicted. The estimate assumes average jackpot levels over the 2016-17 biennium, along with continued steady growth in the scratch-off ticket sales that made up 77 percent of total lottery sales in fiscal 2015. Transfers from lottery sales to the Foundation School Account in General Revenue are projected to total \$2.31 billion in 2016-17, an increase of 0.4 percent from the \$2.30 billion transferred in 2014-15.

Interest and Investment Income: Interest and investment return collections are expected to be \$2.21 billion in 2016-17, 27.6 percent more than 2014-15 collections of \$1.73 billion. These revenues largely represent the investment return distribution from the Permanent School Fund (PSF) to the Available School Fund (ASF). They also include interest on state deposits. Most of the 2016-17 growth is attributable to a \$433 million increase in the 2016-17 ASF distribution from the amount distributed in 2014-15, due to a rapidly rising balance of the investment corpus in the PSF and the State Board of Education's adoption of a higher distribution rate for 2016-17.

Vendor Drug Program: Revenue from the federally mandated and state-supplemental Medicaid vendor drug programs consists of rebates the state collects from drug manufacturers for drugs that are covered by state Medicaid programs. The General Revenue portion of these rebates is expected to total \$1.38 billion in the 2016-17 biennium, an increase of 2.1 percent from the \$1.35 billion received in 2014-15. The 2016-17 estimate is based on the Texas Health and Human Services Commission's assumptions for future Federal Medical Assistance Percentages (FMAP) as of August 2015.

Unclaimed Property and Escheated Estates: Revenue collections from these sources are expected to increase to \$1.16 billion in the 2016-17 biennium, 15.5 percent more than 2014-15 collections of \$1.01 billion. These revenues are the proceeds from abandoned personal property such as checking accounts, savings accounts, certificates of deposit, safe deposit boxes, stocks, bonds mutual funds, mineral proceeds and other types of property.

Tobacco Suit Settlement Claims: In fiscal 1999, Texas began receiving regularly scheduled court settlement payments from tobacco product manufacturers. Texas tobacco settlement collections in the 2014-15 biennium were \$986 million, 92 percent of the state's collections from all settlement claims. In 2016-17, Texas

tobacco settlement receipts are expected to total \$942 million, a 4.5 percent decline from 2014-15, reflecting declining trends in national cigarette consumption.

Revenue to All Funds

Revenue collections deposited to all funds are expected to total \$214.00 billion in the 2016-17 biennium, a 0.2 percent decrease from the \$214.37 billion collected in the 2014-15 biennium. In 2016-17, General Revenue-related receipts will total \$105.77 billion, 1.4 percent above the 2014-15 total of \$104.28 billion.

Dedicated federal income in 2016-17 will account for \$72.80 billion, 2.6 percent more than the \$70.97 billion received in 2014-15. Most federal funds received will be used for health and human services, highway construction and maintenance, and public education programs. A second large source of all funds revenue is the SHF's share of motor fuels tax revenue. This fund is constitutionally dedicated to activities associated with the state highway system.

BP is nearing completion of a legal settlement with the U.S. government and the five states that were affected by the Gulf of Mexico Deepwater Horizon oil spill in April 2010. Under its provisions BP will pay civil penalties to the federal government, with 80 percent of those payments deposited into a trust fund managed by the U.S. Treasury Department to distribute money to the states for programs, projects and activities that restore and protect the environment and economy of those states' coastal areas. The Comptroller assumes any money deposited to the Texas treasury from that trust fund will be dedicated federal income and not available for general purpose spending.

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 deposited in the State Treasury but not appropriated such as royalties deposited to the PSF.

TABLE 1
General Revenue-Related Funds By Source
 (in millions of dollars)

Tax Collections	2014-15	2016-17	Percent Change
Sales Taxes	\$ 56,062	\$ 59,690	6.5 %
Motor Vehicle Sales and Rental Taxes	8,648	9,774	13.0
Motor Fuel Taxes	1,818	1,898	4.3
Franchise Tax	5,700	5,700	0.0
Insurance Taxes	3,996	4,406	10.3
Natural Gas Production Tax	3,180	1,915	(39.8)
Cigarette and Tobacco Taxes	1,143	1,148	0.4
Alcoholic Beverages Taxes	2,192	2,436	11.1
Oil Production and Regulation Taxes	6,753	3,907	(42.1)
Inheritance Tax	(4)	0	0.0
Utility Taxes	959	971	1.2
Hotel Occupancy Tax	1,011	1,133	12.0
Other Taxes	336	156	(53.5)
Total Tax Collections	\$ 91,793	\$ 93,134	1.5 %
Non-Tax Collections			
Licenses, Fees, Fines, and Penalties	\$ 3,104	\$ 2,683	(13.5) %
Interest and Investment Income	1,731	2,208	27.6
Net Lottery Proceeds	2,303	2,311	0.4
Sales of Goods and Services	243	248	1.9
Settlements of Claims	1,077	1,070	(0.7)
Land Income	81	57	(30.5)
Contributions to Employee Benefits	0	0	22.0
Other Revenue	3,952	4,056	2.6
Total Non-Tax Collections	\$ 12,491	\$ 12,633	1.1 %
Total Net Revenue	\$ 104,284	\$ 105,767	1.4 %
Balances and Adjustments			
Beginning Fund 1 Balance	\$ 5,345	\$ 8,149	
Beginning Funds 2 and 3 Balances	161	192	
Change in GR-Dedicated Account Balances	(382)	(1,126)	
Reserve for Transfers to Economic Stabilization and State Highway Funds	(5,749)	(2,669)	
Total Balances and Adjustments	\$ (626)	\$ 4,546	
Total General Revenue-Related Funds Available for Certification	\$ 103,659	\$ 110,313	6.4 %

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

TABLE 2

General Revenue-Related Spending in the 2016-17 Biennium

(in millions of dollars)

General Appropriations Act*	\$106,602
Method of Finance Reclassifications and Other Adjustments, net**	(440)
Emergency Appropriations and Reductions, and Other Legislation Making Appropriations, net ***	<u>60</u>
Total	<u><u>\$ 106,222</u></u>

* Conference Committee Report for HB 1, 84th Legislature, Regular Session.

** Includes net amounts associated with the method of finance reclassification in HB 1 and also includes a reduction to General Revenue costs as a result of the revised estimate of revenue to the Property Tax Relief Fund and Teacher Retirement System fiscal year end settle-up adjustments.

*** Includes appropriations made in HB 2 and SB 1280, 84th Legislature, Regular Session.

Note: Totals may not sum because of rounding.

SOURCE: Glenn Hegar, Texas Comptroller of Public Accounts.

TABLE 3

General Revenue-Related Balances and Available Revenue

(in millions of dollars)

Fiscal 2016 Cash Balances

Beginning General Revenue Fund Account 1	\$ 5,608	
Less: Transfers for Economic Stabilization and State Highway Funds	(2,269)	
Beginning Foundation School Account	97	
Beginning Tobacco Settlement Account	109	
Beginning Balances in General Revenue Dedicated Accounts	5,305	
Less: Dedicated Oil Overcharge Account	(81)	
Less: Dedicated Lottery Account	(219)	
Less: Texas Enterprise Account	(193)	
Less: Emerging Technology Account	(131)	
Less: Constitutionally Dedicated Victims of Crime Accounts	(59)	
Less: Texas Military Revolving Account	(0)	
Less: Federal Elections Improvement Account	(9)	
Less: Judicial and Court Personnel Training Fund Account	(4)	
Less: BP Oil Spill Texas Response Grant Fund Account	(4)	
Beginning Balances in Funds 2 and 3	192	
Balances Available for Certification		\$ 8,342

Fiscal 2016-17 Revenue

Estimated Tax Collections	\$ 93,134	
Estimated Other Revenue Collections	12,633	
Total Estimated Net Revenue		\$ 105,767

Fiscal 2016-17 Other Adjustments

Change in Dedicated General Revenue Account Balances	\$ (1,126)	
Reserve for Economic Stabilization and State Highway Funds Transfers	(2,669)	
		\$ (3,795)

Total Fiscal 2016-17 Estimated Available Revenue and Balances
\$ 110,313

Less: Fiscal 2016-17 Estimated Expenditures

(106,222)
Fiscal 2016-17 Ending Certification Balance
\$ 4,091

Note: Totals may not sum because of rounding.

SOURCE: Glenn Hegar, Texas Comptroller of Public Accounts.

TABLE 4

Texas Economic History and Outlook for Fiscal Years 2008 to 2017

Fall 2015 Forecast

TEXAS ECONOMY	2008	2009	2010	2011	2012	2013	2014	2015*	2016*	2017*
Real Gross State Product (Billion 2009 \$)	1,172	1,171	1,193	1,230	1,304	1,376	1,455	1,490	1,526	1,561
<i>Annual percent change</i>	1.2	(0.1)	1.8	3.2	6.0	5.5	5.8	2.4	2.4	2.3
Nominal Gross State Product (Billion \$)	1,242	1,176	1,225	1,323	1,424	1,530	1,632	1,643	1,695	1,768
<i>Annual percent change</i>	7.5	(5.3)	4.2	8.0	7.7	7.4	6.6	0.7	3.2	4.3
Personal Income (Billion \$)	950	927	943	1,032	1,104	1,157	1,206	1,264	1,323	1,401
<i>Annual percent change</i>	10.0	(2.4)	1.7	9.4	7.0	4.8	4.2	4.8	4.7	5.9
Nonfarm Employment (Thousands)	10,583	10,403	10,287	10,511	10,789	11,129	11,456	11,775	11,974	12,190
<i>Annual percent change</i>	2.6	(1.7)	(1.1)	2.2	2.6	3.2	2.9	2.8	1.7	1.8
Resident Population (Thousands)	24,250	24,738	25,193	25,607	26,038	26,456	26,900	27,350	27,795	28,275
<i>Annual percent change</i>	2.0	2.0	1.8	1.6	1.7	1.6	1.7	1.7	1.6	1.7
Unemployment Rate (Percent)	4.5	6.9	8.2	7.8	6.9	6.2	5.3	4.4	4.3	4.4
NYMEX Oil Price (\$ per Barrel)	101.93	64.09	76.32	91.25	94.28	93.65	101.05	64.94	49.48	56.52
NYMEX Natural Gas Price (\$ per Million BTUs)	8.47	5.91	4.44	4.20	3.10	3.48	4.18	3.34	2.91	3.05
U.S. ECONOMY										
Real Gross Domestic Product (Billion 2009 \$)	14,934	14,428	14,685	14,958	15,306	15,489	15,864	16,238	16,652	17,138
<i>Annual percent change</i>	0.9	(3.4)	1.8	1.9	2.3	1.2	2.4	2.4	2.5	2.9
Consumer Price Index (1982-84=100)	214.4	213.8	217.4	223.1	228.5	232.3	236.0	236.8	239.7	245.2
<i>Annual percent change</i>	2.3	(0.3)	1.7	2.6	2.4	1.6	1.6	0.3	1.2	2.3
Prime Interest Rate (Percent)	6.0	3.5	3.3	3.3	3.3	3.3	3.3	3.3	3.9	5.1

* Estimated or projected

SOURCES: Glenn Hegar, Texas Comptroller of Public Accounts; and IHS Global, Inc.

TABLE A-1

Estimated General Revenue-Related Balances, Revenue, Disbursements, and Appropriation Authority

	Thousands of Dollars	
	2016	2017
Revenue and Beginning Fund Balances		
General Revenue-Related Adjusted Fund Balance*	\$ 8,341,600	\$ 4,475,136
General Revenue-Related Revenue**	51,743,275	54,023,469
Adjustment to Dedicated Account Balances	<u>(853,902)</u>	<u>(272,364)</u>
Total Revenue and Beginning Fund Balances	<u>\$ 59,230,973</u>	<u>\$ 58,226,241</u>
Probable Disbursements and Other Adjustments		
Disbursements for Foundation School Programs	\$ 17,871,761	\$ 17,507,812
State Instructional Materials Disbursements	1,054,869	0
Other Probable Disbursements	34,640,843	35,146,381
Reserve for Transfers to the Economic Stabilization and State Highway Funds	<u>1,188,365</u>	<u>1,480,844</u>
Total Probable Disbursements and Other Adjustments	<u>\$ 54,755,837</u>	<u>\$ 54,135,037</u>
Estimated Ending Certification Balance, August 31	<u>\$ 4,475,136</u>	<u>\$ 4,091,204</u>
Appropriation Authority		
Prior-Year Authority	\$ 2,494,953	
Current-Year Authority	<u>53,567,473</u>	
Total Appropriation Authority	<u>\$ 56,062,426</u>	

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

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

Note: Totals may not sum because of rounding.

SOURCE: Glenn Hegar, Texas Comptroller of Public Accounts.

TABLE A-2

Estimated General Revenue-Related Revenue and Balances Available for Certification

	Thousands of Dollars	
	2014-15	2016-17
Beginning Fund Balances		
Consolidated General Revenue Fund Adjusted Balance	\$ 5,344,770	\$ 8,149,477
Available School Fund Balance	17,273	23,165
State Instructional Materials Fund Balance	143,407	168,959
Total Beginning Fund Balances	\$ 5,505,450	\$ 8,341,600
Revenue		
General Revenue Fund	\$ 100,180,537	\$ 101,233,017
Available School Fund	1,678,184	2,111,442
State Instructional Materials Fund	2,346	6,029
Foundation School Account	2,423,039	2,416,256
Total Revenue	\$ 104,284,106	\$ 105,766,744
Other Adjustments		
Change in General Revenue-Dedicated Account Balances	\$ (381,546)	\$ (1,126,266)
Reserve for Transfers to the Economic Stabilization and State Highway Funds	(5,749,496)	(2,669,209)
Total Other Adjustments	\$ (6,131,041)	\$ (3,795,474)
Total General Revenue-Related Revenue and Balances	\$ 103,658,514	\$ 110,312,870

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

TABLE A-3

Sources of Estimated General Revenue-Related Funds

Object Code	Description	Thousands of Dollars	
		2016	2017
General Revenue Fund			
3004	Motor Vehicle Sales and Use Tax	\$ 4,285,072	\$ 4,576,460
3005	Motor Vehicle Rental Tax	283,634	290,970
3007	Gasoline Tax	2,617,318	2,657,363
3008	Diesel Fuel Tax	879,069	896,861
3016	Motor Vehicle Sales and Use Tax—Seller Financed	148,382	150,608
3024	Driver’s License Point Surcharges	76,368	76,368
3027	Driver Record Information Fees	1,200	1,200
3102	Limited Sales and Use Tax	29,084,700	30,484,300
3110	Inheritance Tax	0	0
3111	Boat and Boat Motor Sales and Use Tax	59,043	61,949
3114	Escheated Estates	570,995	593,232
3130	Franchise/Business Margins Tax	2,845,291	2,854,866
3139	Hotel Occupancy Tax	550,300	582,700
3175	Professional Fees	71,469	72,321
3186	Securities Fees	98,582	98,582
3201	Insurance Premium Taxes	2,023,263	2,081,265
3219	Insurance Maintenance Tax—Workers’ Compensation Division	57,488	57,608
3230	Public Utility Gross Receipts Assessment	55,800	56,400
3233	Gas, Electric and Water Utility Tax	403,700	405,700
3250	Mixed Beverage Tax	439,402	465,514
3251	Mixed Beverage Sales Tax	525,795	557,041
3253	Liquor Tax	87,982	92,008
3258	Beer Tax	103,007	103,007
3275	Cigarette Tax	355,012	388,730
3278	Cigar and Tobacco Products Tax	202,156	202,167
3290	Oil Production Tax	1,844,774	2,062,105
3291	Natural Gas Production Tax	871,360	1,044,002
3849	Tobacco Suit Settlement Receipts	471,585	470,651
3854	Interest—Other, General Non-Program	625	781
3950	Allocations to General Revenue from Special Funds	0	17,680
3952	Allocation of UC, UPL and Disproportionate Share Revenue	192,900	192,200
	Other General Revenue Fund Revenue	2,829,886	2,760,497
	Less: Tax Allocation to State Highway Fund	(2,558,220)	(2,600,057)
	Subtotal, General Revenue Fund	\$ 49,477,938	\$ 51,755,079
School Funds*			
3851	Interest on State Deposits/Investments, General Non-Program	\$ 596	\$ 678
3910	Allocation from Permanent School Fund to Available School Fund	1,055,084	1,055,084
3922	State Gain from Lottery Proceeds	1,154,400	1,156,592
	Other School Funds Revenue	55,257	56,036
	Subtotal, School Funds	\$ 2,265,337	\$ 2,268,390
	Total Estimated Net General Revenue-Related Funds	\$ 51,743,275	\$ 54,023,469

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

Note: Totals may not sum because of rounding.

SOURCE: Glenn Hegar, Texas Comptroller of Public Accounts.

TABLE A-4

Estimated General Revenue-Dedicated Accounts Revenue

Account Number	Account	Thousands of Dollars	
		2016	2017
9	Game, Fish, and Water Safety	\$ 134,416	\$ 136,087
27	Coastal Protection	14,205	6,393
64	State Parks	48,411	48,150
151	Clean Air	87,328	89,037
153	Water Resource Management	64,408	64,464
225	University of Houston Current	107,801	107,801
226	University of Texas - Pan American Current	27,030	27,030
238	University of Texas at Dallas Current	47,107	48,046
242	Texas A&M University Current	71,200	71,200
244	University of Texas at Arlington Current	55,083	55,083
248	University of Texas at Austin Current	91,900	93,554
249	University of Texas at San Antonio Current	49,362	49,855
250	University of Texas at El Paso Current	26,656	27,189
255	Texas Tech University Current	54,204	55,273
258	University of North Texas Current	53,041	54,366
259	Sam Houston State University Current	23,302	23,565
260	Texas State University - San Marcos Current	51,649	51,649
273	Federal Health & Health Lab Funding Excess Revenue	203,549	203,549
421	Criminal Justice Planning	22,543	22,429
469	Compensation to Victims of Crime	86,014	85,771
549	Waste Management	32,771	32,814
550	Hazardous and Solid Waste Remediation Fee	25,725	25,729
655	Petroleum Tank Storage Remediation	15,721	15,981
5000	Solid Waste Disposal Fees	9,491	9,491
5007	Commission on Emergency Communications	19,850	19,850
5025	Lottery*	366,821	367,516
5050	9-1-1 Service Fees	48,500	49,800
5064	Volunteer Fire Department Assistance	18,669	18,663
5071	Emissions Reduction Plan**	103,702	106,275
5073	Fair Defense	26,200	26,200
5080	Quality Assurance	64,263	59,050
5094	Operating Permit Fees	36,000	36,000
5111	Designated Trauma Facility & EMS	117,959	117,959
5155	Oil and Gas Regulation and Cleanup	69,312	70,124
	Other Accounts	862,867	870,388
Total Estimated General Revenue-Dedicated Accounts		\$ 3,137,060	\$ 3,146,331

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

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

Note: Totals may not sum because of rounding.

SOURCE: Glenn Hegar, Texas Comptroller of Public Accounts.

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

Fund/Account Number	Fund or Account	Thousands of Dollars	
		2016	2017
1	General Revenue Fund*	\$ 24,075,902	\$ 21,502,210
6	State Highway Fund	5,227,988	4,791,707
9	Game, Fish, and Water Safety Account	47,493	47,493
37	Federal Child Welfare Service Account	437,071	440,781
92	Federal Disaster Account	159,328	152,113
117	Federal Public Welfare Administration Account	120,324	120,324
127	Community Affairs Federal Account	205,452	205,452
148	Federal Health, Education and Welfare Account	3,064,800	3,064,500
171	Federal School Lunch Account	1,981,900	2,066,800
221	Federal Civil Defense and Disaster Relief Account	80,317	80,317
222	Department of Public Safety Federal Account	4,978	4,978
273	Federal Health & Health Lab Funding Excess Revenue Account	949,600	949,600
369	Federal American Recovery & Reinvestment Act Fund	5,000	5,000
421	Criminal Justice Planning Account	33,723	37,435
449	Adjutant General Federal Account	59,000	58,000
469	Compensation to Victims of Crime Account	26,470	27,514
549	Waste Management Account	6,361	6,361
5026	Workforce Commission Federal Account	996,700	1,218,800
5091	Office of Rural Community Affairs Federal Account	59,597	59,597
	Other Funds and Accounts	209,543	208,150
Total Estimated Federal Income		\$ 37,751,547	\$ 35,047,132

* 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: Glenn Hegar, Texas Comptroller of Public Accounts.

TABLE A-6
Estimated Other Funds Revenue, by Fund or Account

Fund/Account Number	Fund or Account	Thousands of Dollars	
		2016	2017
6	State Highway Fund	\$ 4,538,521	\$ 4,578,608
11	Available University Fund	800,549	888,611
193	Foundation School Account/Local Recapture - Attendance Credits	1,775,100	2,069,900
304	Property Tax Relief Fund	1,511,675	1,599,324
365	Texas Mobility Fund	410,649	417,934
573	Judicial Fund	84,388	85,022
	Disproportionate Share Revenue/State & Local Hospitals	3,614,391	1,214,595
	Appropriated Receipts	578,300	549,750
	Other Funds	<u>2,107,804</u>	<u>2,323,410</u>
Total Estimated Other Funds Revenue		<u>\$ 15,421,377</u>	<u>\$ 13,727,154</u>

Note: Excludes certain local funds that are appropriated but not deposited in the State Treasury and deposits by semi-independent agencies. Includes certain state revenue deposited in the State Treasury but not appropriated. Excludes federal income.

Note: Totals may not sum because of rounding.

SOURCE: Glenn Hegar, Texas Comptroller of Public Accounts.

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

Source	Thousands of Dollars	
	2016	2017
General Revenue-Related	\$ 51,743,275	\$ 54,023,469
General Revenue-Dedicated	3,137,060	3,146,331
Federal Income	37,751,547	35,047,132
Other Funds	<u>15,421,377</u>	<u>13,727,154</u>
Total Estimated All Funds Revenue	<u>\$ 108,053,259</u>	<u>\$ 105,944,086</u>

Note: Excludes local funds and deposits by semi-independent agencies. Includes certain state revenue deposited in the State Treasury but not appropriated.

Note: Totals may not sum because of rounding.

SOURCE: Glenn Hegar, Texas Comptroller of Public Accounts.

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

	Thousands of Dollars	
	2016	2017
Allocations and Transfers to Other Funds		
Available School Fund	\$ 858,815	\$ 873,172
State Highway Fund–Motor Fuel Taxes	2,558,220	2,600,847
State Highway Fund–Severance Taxes	1,134,668	594,182
County and Road District Highway Fund	7,300	7,300
Economic Stabilization Fund	1,134,668	594,182
Teacher Retirement System Trust Fund (excl. health insurance)	1,774,186	1,814,049
Total Allocations and Transfers to Other Funds	\$ 7,467,858	\$ 6,483,733
Allocations and Transfers to GR Dedicated Accounts		
Parks and Wildlife	\$ 18,625	\$ 18,908
Motor Fuel Enforcement Allocation	28,427	29,024
State Parks Account–Sporting Goods Sales Tax (SGST)	108,485	109,999
Texas Recreation and Parks Account–SGST	9,423	9,565
Parks and Wildlife Capital Account–SGST	3,013	6,206
Large County & Municipality Recreation and Parks Account–SGST	8,047	6,391
Texas Historical Commission–SGST	6,413	6,413
Foundation School Account	1,305,240	1,418,147
Hotel Occupancy–Economic Development	45,858	48,558
Texas Department of Insurance Operating Account	149,673	150,461
Total Allocations and Transfers to GR Dedicated Accounts	\$ 1,683,204	\$ 1,803,672
Total Allocations and Transfers from General Revenue	\$ 9,151,062	\$ 8,287,405
Details of the Economic Stabilization Fund - Cash Basis Reporting		
Beginning Balance	\$ 8,468,905	\$ 7,714,260
Transfers and Interest Income		
Oil Production Tax Transfer	879,431	492,338
Natural Gas Production Tax Transfer	255,238	101,844
Unencumbered Balance Transfer	0	0
Interest Income	63,027	78,332
Total Transfers and Interest Income	\$ 1,197,695	\$ 672,514
Transfer of ESF cash balance to Texas Treasury Safekeeping Trust Company*	\$ (1,950,000)	\$ (600,000)
Appropriations	\$ 2,340	\$ 1,781
Ending Cash Balance	\$ 7,714,260	\$ 7,784,994
Ending Invested Balance of ESF*	\$ 1,965,013	\$ 2,612,216
Total Ending Balance of ESF	\$ 9,679,273	\$ 10,397,210

* As prescribed by HB 903, 84th Legislature, Regular Session. The balance includes investments of the ESF cash balance plus any gain on those investments, based on the projected earnings as of September 30, 2015.

Note: Totals may not sum because of rounding.

SOURCE: Glenn Hegar, Texas Comptroller of Public Accounts.

TABLE A-9

**Available School Fund and State Instructional Materials Fund
Estimated Balances, Revenue and Expenditures**

	Thousands of Dollars	
	2016	2017
Beginning Cash Balances		
Available School Fund	\$ 23,165	\$ 32
State Instructional Materials Fund	168,959	0
Total Beginning Cash Balances	\$ 192,124	\$ 32
Estimated Revenue		
Available School Fund		
Total Return Allocation from Permanent School Fund	\$ 1,055,084	\$ 1,055,084
Interest on State Deposits/Investments, General Non-Program	596	678
Allocation from General Revenue Fund	858,815	873,172
Total Estimated Available School Fund Revenue	\$ 1,914,495	\$ 1,928,934
State Instructional Materials Fund		
Sale of Textbooks	\$ 0	\$ 0
Interest on State Deposits/Investments, General Non-Program	2,671	3,339
Other Revenue	9	10
Total Estimated State Instructional Materials Fund Revenue	\$ 2,680	\$ 3,349
Total Estimated Revenue and Beginning Cash Balances	\$ 2,109,299	\$ 1,933,315
Estimated Expenditures		
Instructional Materials*	\$ 1,054,869	\$ 0
Administration–State Instructional Materials Fund	2,250	2,250
Administration–Available School Fund	0	0
Per Capita Apportionment		
4,850,625 (prior year ADA) @ \$217	1,052,147	
4,954,033 (prior year ADA) @ \$389		1,928,090
Total Estimated Expenditures	\$ 2,109,266	\$ 1,930,340
Ending Cash Balance	\$ 32	\$ 1,975

* Represents only state revenue and incorporates the effect of HB 1474, 84th Legislature, Regular Session.

Note: Totals may not sum because of rounding.

SOURCE: Glenn Hegar, 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	
	2016	2017
Cost of Public School Programs		
State Share of the Foundation School Program*	\$ 19,366,300	\$ 19,090,000
State Share of Other School Programs	17,136	17,136
Local Recapture–Attendance Credits*	1,775,100	2,069,900
Local Funds Assignment and Other Local Funds*	22,698,383	23,571,488
Total Cost of Public School Programs	\$ 43,856,919	\$ 44,748,524
Funding		
State Funds		
Available School Fund	\$ 1,052,147	\$ 1,928,090
Foundation School Account–Opening Balance	96,700	0
Foundation School Account–Occupation Taxes	1,305,240	1,418,147
Foundation School Account–Lottery Proceeds	1,154,400	1,156,592
General Revenue	14,263,274	13,004,983
Property Tax Relief Fund	1,511,675	1,599,324
Total State Funds	\$ 19,383,436	\$ 19,107,136
Local Funds		
Local Recapture–Attendance Credits*	1,775,100	2,069,900
Local Funds Assignment and Other Local Funds	22,698,383	23,571,488
Total Local Funds	\$ 24,473,483	\$ 25,641,388
Total State and Local Funding	\$ 43,856,919	\$ 44,748,524
Funding Sources of the Property Tax Relief Fund		
	Thousands of Dollars	
	2016	2017
Beginning Cash Balance	\$ 0	\$ 0
Revenue		
3004 Motor Vehicle Sales and Use Tax	23,626	25,233
3130 Franchise/Business Margins Tax	683,219	692,953
3275 Cigarette Tax	787,453	863,321
3278 Cigar and Tobacco Products Tax	16,245	16,614
3851 Interest on State Deposits/Investments, General Non-Program	1,132	1,203
Total Revenue	1,511,675	1,599,324
Net Transfers	0	0
Appropriations	1,511,675	1,599,324
Ending Cash Balance	\$ 0	\$ 0

* As appropriated in HB 1, 84th Legislature, Regular Session.
 Note : Totals may not sum because of rounding.
 SOURCE : Glenn Hegar, Texas Comptroller of Public Accounts.

TABLE A-11
Sources of State Highway Fund Revenue

Object Code	Description	Thousands of Dollars	
		2016	2017
State Revenue			
3010	Motor Fuel Lubricants Sales Tax	\$ 44,500	\$ 44,900
3014	Motor Vehicle Registration Fees	1,419,568	1,455,057
3018	Special Vehicle Permits Fees	101,232	101,232
3752	Sale of Publications/Advertising	6,600	6,600
3767	Supplies/Equipment/Services–Federal/Other	184,434	160,000
3851	Interest on State Deposits/Investments, General Non-Program	21,946	16,048
3901	Motor Fuel Taxes Allocations	2,558,220	2,600,847
	Severance Taxes Allocations	1,134,668	594,182
	Other Revenue	202,021	193,924
	Total State Revenue	\$ 5,673,189	\$ 5,172,790
Federal Income			
3001	Federal Receipts Matched–Transportation Programs	\$ 5,206,283	\$ 4,770,002
3701	Federal Receipts Not Matched–Other Programs	21,705	21,705
	Total Federal Income	\$ 5,227,988	\$ 4,791,707
	Total State Highway Fund Revenue	\$ 10,901,177	\$ 9,964,497

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

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

	Thousands of Dollars			
	2014 Actual	2015 Actual	2016 Estimated	2017 Estimated
Tax Collections				
Sales Taxes	\$ 27,274,123	\$ 28,787,391	\$ 29,143,743	\$ 30,546,249
Motor Vehicle Sales and Rental Taxes	4,173,050	4,474,651	4,736,321	5,037,944
Motor Fuel Taxes	894,230	924,222	940,746	956,805
Franchise Tax	2,825,240	2,874,391	2,845,291	2,854,866
Insurance Taxes	1,947,065	2,048,631	2,173,486	2,232,276
Natural Gas Production Tax	1,899,582	1,280,410	871,360	1,044,002
Cigarette and Tobacco Taxes	569,699	573,274	557,168	590,897
Alcoholic Beverages Taxes	1,053,231	1,138,776	1,186,683	1,249,382
Oil Production and Regulation Taxes	3,874,071	2,879,055	1,844,928	2,062,105
Inheritance Tax	12	(3,817)	0	0
Utility Taxes	478,189	480,766	483,800	486,900
Hotel Occupancy Tax	485,385	525,819	550,300	582,700
Other Taxes	168,127	167,570	76,452	79,491
Total Tax Collections	\$ 45,642,003	\$ 46,151,137	\$ 45,410,278	\$ 47,723,617
Revenue By Source				
Tax Collections	\$ 45,642,003	\$ 46,151,137	\$ 45,410,278	\$ 47,723,617
Licenses, Fees, Fines, and Penalties	1,494,270	1,609,301	1,398,379	1,285,036
Interest and Investment Income	857,787	872,919	1,100,642	1,107,330
Net Lottery Proceeds	1,150,028	1,152,814	1,154,400	1,156,592
Sales of Goods and Services	118,757	124,688	124,078	124,078
Settlements of Claims	557,619	519,480	535,452	534,518
Land Income	44,514	36,853	28,293	28,292
Contributions to Employee Benefits	87	56	87	87
Other Revenue	1,775,164	2,176,629	1,991,666	2,063,919
Total Net Revenue	\$ 51,640,229	\$ 52,643,877	\$ 51,743,275	\$ 54,023,469

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

TABLE A-13

**Percent Change in State Revenue, By Source and Fiscal Year
General Revenue-Related**

	2014 Actual	2015 Actual	2016 Estimated	2017 Estimated
Tax Collections				
Sales Taxes	5.5 %	5.5 %	1.2 %	4.8 %
Motor Vehicle Sales and Rental Taxes	8.6	7.2	5.8	6.4
Motor Fuel Taxes	4.5	3.4	1.8	1.7
Franchise Tax	1.1	1.7	(1.0)	0.3
Insurance Taxes	10.4	5.2	6.1	2.7
Natural Gas Production Tax	27.0	(32.6)	(31.9)	19.8
Cigarette and Tobacco Taxes	(8.0)	0.6	(2.8)	6.1
Alcoholic Beverages Taxes	7.8	8.1	4.2	5.3
Oil Production and Regulation Taxes	29.5	(25.7)	(35.9)	11.8
Inheritance Tax	(100.1)	(33,166.9)	(100.0)	0.0
Utility Taxes	10.0	0.5	0.6	0.6
Hotel Occupancy Tax	10.0	8.3	4.7	5.9
Other Taxes	12.0	(0.3)	(54.4)	4.0
Total Tax Collections	8.2 %	1.1 %	(1.6) %	5.1 %
Revenue By Source				
Tax Collections	8.2 %	1.1 %	(1.6) %	5.1 %
Licenses, Fees, Fines, and Penalties	29.5	7.7	(13.1)	(8.1)
Interest and Investment Income	(34.4)	1.8	26.1	0.6
Net Lottery Proceeds	11.4	0.2	0.1	0.2
Sales of Goods and Services	6.5	5.0	(0.5)	0.0
Settlements of Claims	(5.6)	(6.8)	3.1	(0.2)
Land Income	6.7	(17.2)	(23.2)	(0.0)
Contributions to Employee Benefits	0.6	(36.2)	56.6	0.0
Other Revenue	(14.3)	22.6	(8.5)	3.6
Total Net Revenue	6.5 %	1.9 %	(1.7) %	4.4 %

SOURCE: Glenn Hegar, Texas Comptroller of Public Accounts.

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

	Thousands of Dollars		
	2012-13 Actual	2014-15 Actual	2016-17 Estimated
Tax Collections			
Sales Taxes	\$ 49,942,310	\$ 56,061,513	\$ 59,689,992
Motor Vehicle Sales and Rental Taxes	7,372,923	8,647,701	9,774,265
Motor Fuel Taxes	1,713,757	1,818,452	1,897,551
Franchise Tax	5,501,409	5,699,631	5,700,157
Insurance Taxes	3,258,360	3,995,696	4,405,762
Natural Gas Production Tax	3,029,833	3,179,991	1,915,362
Cigarette and Tobacco Taxes	1,184,352	1,142,973	1,148,065
Alcoholic Beverages Taxes	1,906,594	2,192,007	2,436,065
Oil Production and Regulation Taxes	5,094,158	6,753,126	3,907,033
Inheritance Tax	(10,777)	(3,805)	0
Utility Taxes	885,778	958,954	970,700
Hotel Occupancy Tax	842,543	1,011,204	1,133,000
Other Taxes	308,026	335,697	155,943
Total Tax Collections	\$ 81,029,266	\$ 91,793,140	\$ 93,133,895
Revenue By Source			
Tax Collections	\$ 81,029,266	\$ 91,793,140	\$ 93,133,895
Licenses, Fees, Fines, and Penalties	2,370,911	3,103,571	2,683,415
Interest and Investment Income	2,293,311	1,730,706	2,207,972
Net Lottery Proceeds	2,129,125	2,302,842	2,310,992
Sales of Goods and Services	226,728	243,446	248,156
Settlements of Claims	1,140,538	1,077,099	1,069,970
Land Income	67,259	81,367	56,585
Contributions to Employee Benefits	212	143	174
Other Revenue	4,128,047	3,951,793	4,055,585
Total Net Revenue	\$ 93,385,395	\$ 104,284,106	\$ 105,766,744

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

TABLE A-15

**Percent Change in State Revenue, By Source and Biennium
General Revenue-Related**

	2012-13 Actual	2014-15 Actual	2016-17 Estimated
Tax Collections			
Sales Taxes	21.9 %	12.3 %	6.5 %
Motor Vehicle Sales and Rental Taxes	32.3	17.3	13.0
Motor Fuel Taxes	4.3	6.1	4.3
Franchise Tax	3.3	3.6	0.0
Insurance Taxes	22.0	22.6	10.3
Natural Gas Production Tax	65.1	5.0	(39.8)
Cigarette and Tobacco Taxes	0.4	(3.5)	0.4
Alcoholic Beverages Taxes	14.1	15.0	11.1
Oil Production and Regulation Taxes	105.3	32.6	(42.1)
Inheritance Tax	(670.8)	(64.7)	(100.0)
Utility Taxes	(5.4)	8.3	1.2
Hotel Occupancy Tax	24.0	20.0	12.0
Other Taxes	76.8	9.0	(53.5)
Total Tax Collections	24.4 %	13.3 %	1.5 %
Revenue By Source			
Tax Collections	24.4 %	13.3 %	1.5 %
Licenses, Fees, Fines, and Penalties	0.5	30.9	(13.5)
Interest and Investment Income	101.0	(24.5)	27.6
Net Lottery Proceeds	8.4	8.2	0.4
Sales of Goods and Services	4.0	7.4	1.9
Settlements of Claims	1.0	(5.6)	(0.7)
Land Income	256.9	21.0	(30.5)
Contributions to Employee Benefits	(35.3)	(32.6)	22.0
Other Revenue	30.1	(4.3)	2.6
Total Net Revenue	24.3 %	11.7 %	1.4 %

SOURCE: Glenn Hegar, Texas Comptroller of Public Accounts.

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

	Thousands of Dollars			
	2014 Actual	2015 Actual	2016 Estimated	2017 Estimated
Tax Collections				
Sales Taxes	\$ 27,385,709	\$ 28,910,857	\$ 29,258,665	\$ 30,663,502
Motor Vehicle Sales and Rental Taxes	4,209,953	4,514,186	4,775,421	5,078,806
Motor Fuel Taxes	3,315,952	3,446,157	3,498,966	3,556,862
Franchise Tax	4,732,262	4,656,286	3,528,510	3,547,819
Insurance Taxes	1,947,908	2,049,417	2,185,577	2,238,275
Natural Gas Production Tax	1,899,582	1,280,410	871,360	1,044,002
Cigarette and Tobacco Taxes	1,342,455	1,532,414	1,360,866	1,470,832
Alcoholic Beverages Taxes	1,053,231	1,138,776	1,186,683	1,249,382
Oil Production and Regulation Taxes	3,874,071	2,879,055	1,844,928	2,062,105
Inheritance Tax	12	(3,817)	0	0
Utility Taxes	478,189	480,766	483,800	486,900
Hotel Occupancy Tax	485,385	525,819	550,300	582,700
Other Taxes	267,854	272,734	177,452	180,491
Total Tax Collections	\$ 50,992,562	\$ 51,683,060	\$ 49,722,528	\$ 52,161,676
Revenue By Source				
Tax Collections	\$ 50,992,562	\$ 51,683,060	\$ 49,722,528	\$ 52,161,676
Federal Income	34,266,043	36,700,990	37,751,547	35,047,132
Licenses, Fees, Fines, and Penalties	8,497,084	9,649,624	9,476,984	7,102,356
Interest and Investment Income	1,463,131	1,393,601	1,339,896	1,444,987
Net Lottery Proceeds	1,878,112	1,893,534	1,896,265	1,899,864
Sales of Goods and Services	262,341	428,665	441,152	419,697
Settlements of Claims	575,202	541,071	537,978	537,044
Land Income	1,863,364	1,547,831	977,924	1,055,857
Contributions to Employee Benefits	87	56	87	87
Other Revenue	5,144,365	5,589,826	5,908,898	6,275,386
Total Net Revenue	\$ 104,942,290	\$ 109,428,258	\$ 108,053,259	\$ 105,944,086

Note: Excludes local funds and deposits by semi-independent agencies. Includes certain state revenues deposited in the State Treasury but not appropriated.

Note: Totals may not sum because of rounding.

SOURCE: Glenn Hegar, Texas Comptroller of Public Accounts.

TABLE A-17

**Percent Change in State Revenue, By Source and Fiscal Year
All Funds, Excluding Trust Funds**

	2014 Actual	2015 Actual	2016 Estimated	2017 Estimated
Tax Collections				
Sales Taxes	5.6 %	5.6 %	1.2 %	4.8 %
Motor Vehicle Sales and Rental Taxes	8.5	7.2	5.8	6.4
Motor Fuel Taxes	2.9	3.9	1.5	1.7
Franchise Tax	(1.4)	(1.6)	(24.2)	0.5
Insurance Taxes	10.4	5.2	6.6	2.4
Natural Gas Production Tax	27.0	(32.6)	(31.9)	19.8
Cigarette and Tobacco Taxes	(16.0)	14.2	(11.2)	8.1
Alcoholic Beverages Taxes	7.8	8.1	4.2	5.3
Oil Production and Regulation Taxes	29.5	(25.7)	(35.9)	11.8
Inheritance Tax	(100.1)	(33,166.9)	(100.0)	0.0
Utility Taxes	10.0	0.5	0.6	0.6
Hotel Occupancy Tax	10.0	8.3	4.7	5.9
Other Taxes	8.1	1.8	(34.9)	1.7
Total Tax Collections	6.7 %	1.4 %	(3.8) %	4.9 %
Revenue By Source				
Tax Collections	6.7 %	1.4 %	(3.8) %	4.9 %
Federal Income	5.3	7.1	2.9	(7.2)
Licenses, Fees, Fines, and Penalties	7.3	13.6	(1.8)	(25.1)
Interest and Investment Income	23.7	(4.8)	(3.9)	7.8
Net Lottery Proceeds	(0.8)	0.8	0.1	0.2
Sales of Goods and Services	16.1	63.4	2.9	(4.9)
Settlements of Claims	(5.7)	(5.9)	(0.6)	(0.2)
Land Income	40.6	(16.9)	(36.8)	8.0
Contributions to Employee Benefits	0.5	(36.1)	56.6	0.0
Other Revenue	(7.6)	8.7	5.7	6.2
Total Net Revenue	6.0 %	4.3 %	(1.3) %	(2.0) %

SOURCE: Glenn Hegar, Texas Comptroller of Public Accounts.

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

	Thousands of Dollars		
	2012-13 Actual	2014-15 Actual	2016-17 Estimated
Tax Collections			
Sales Taxes	\$ 50,135,048	\$ 56,296,567	\$ 59,922,167
Motor Vehicle Sales and Rental Taxes	7,437,611	8,724,139	9,854,227
Motor Fuel Taxes	6,390,742	6,762,109	7,055,828
Franchise Tax	9,363,430	9,388,548	7,076,329
Insurance Taxes	3,260,405	3,997,326	4,423,852
Natural Gas Production Tax	3,029,833	3,179,991	1,915,362
Cigarette and Tobacco Taxes	3,026,192	2,874,869	2,831,698
Alcoholic Beverages Taxes	1,906,594	2,192,007	2,436,065
Oil Production and Regulation Taxes	5,094,158	6,753,126	3,907,033
Inheritance Tax	(10,777)	(3,805)	0
Utility Taxes	885,778	958,954	970,700
Hotel Occupancy Tax	842,543	1,011,204	1,133,000
Other Taxes	498,608	540,588	357,943
Total Tax Collections	\$ 91,860,164	\$ 102,675,621	\$ 101,884,204
Revenue By Source			
Tax Collections	\$ 91,860,164	\$ 102,675,621	\$ 101,884,204
Federal Income	65,452,366	70,967,033	72,798,679
Licenses, Fees, Fines, and Penalties	15,514,717	18,146,709	16,579,340
Interest and Investment Income	2,281,779	2,856,732	2,784,883
Net Lottery Proceeds	3,724,201	3,771,646	3,796,129
Sales of Goods and Services	588,675	691,006	860,849
Settlements of Claims	1,169,793	1,116,273	1,075,022
Land Income	2,697,929	3,411,195	2,033,781
Contributions to Employee Benefits	213	143	174
Other Revenue	10,387,598	10,734,191	12,184,284
Total Net Revenue	\$ 193,677,435	\$ 214,370,549	\$ 213,997,345

Note: Excludes local funds and deposits by semi-independent agencies. Includes certain state revenues deposited in the State Treasury but not appropriated.

Note: Totals may not sum because of rounding.

SOURCE: Glenn Hegar, Texas Comptroller of Public Accounts.

TABLE A-19

**Percent Change in State Revenue, By Source and Biennium
All Funds, Excluding Trust Funds**

	2012-13 Actual	2014-15 Actual	2016-17 Estimated
Tax Collections			
Sales Taxes	22.0 %	12.3 %	6.4 %
Motor Vehicle Sales and Rental Taxes	32.6	17.3	13.0
Motor Fuel Taxes	4.0	5.8	4.3
Franchise Tax	20.2	0.3	(24.6)
Insurance Taxes	21.9	22.6	10.7
Natural Gas Production Tax	65.1	5.0	(39.8)
Cigarette and Tobacco Taxes	2.6	(5.0)	(1.5)
Alcoholic Beverages Taxes	14.1	15.0	11.1
Oil Production and Regulation Taxes	105.3	32.6	(42.1)
Inheritance Tax	(670.8)	(64.7)	(100.0)
Utility Taxes	(5.4)	8.3	1.2
Hotel Occupancy Tax	24.0	20.0	12.0
Other Taxes	44.8	8.4	(33.8)
Total Tax Collections	23.8 %	11.8 %	(0.8) %
Revenue By Source			
Tax Collections	23.8 %	11.8 %	(0.8) %
Federal Income	(13.1)	8.4	2.6
Licenses, Fees, Fines, and Penalties	5.3	17.0	(8.6)
Interest and Investment Income	9.0	25.2	(2.5)
Net Lottery Proceeds	12.5	1.3	0.6
Sales of Goods and Services	(14.8)	17.4	24.6
Settlements of Claims	2.1	(4.6)	(3.7)
Land Income	21.4	26.4	(40.4)
Contributions to Employee Benefits	(34.9)	(33.1)	22.1
Other Revenue	31.2	3.3	13.5
Total Net Revenue	6.6 %	10.7 %	(0.2) %

SOURCE: Glenn Hegar, Texas Comptroller of Public Accounts.