



To the Mayor and Members of the City Council

January 24, 2023

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SUBJECT: OCTOBER 2022 – SALES TAX UPDATE

Sales tax revenue represents approximately twenty-three (23%) percent of the City's General Fund anticipated revenue in Fiscal Year 2023. It is the second largest revenue source, with property tax being the largest at 58%. In addition, sales tax revenue represents the largest revenue source in the Crime Control and Prevention District (CCPD) Fund. Because sales tax represents a significant revenue source for the city and can sometimes be a volatile revenue stream, it is important for the city to closely monitor and report on monthly sales tax receipts.

The Texas Comptroller's Office posted October 2022 (Fiscal Year 2023, Period 1) collection results on December 13, 2022. Actual receipts are dependent upon the timeliness and accuracy of sales tax payers' returns. Recent years have included legislative reform on remitting sales tax to the state comptroller, effects of a historic winter storm, and the effects of a global pandemic. The FY2023 Adopted Budget for sales tax were estimated based on higher than expected recovery from the pandemic and the possibility for an economic recession. Due to the potential fluctuation in the revenue source, the City takes a conservative, yet realistic, approach to estimating sales tax.

CITY OF FORT WORTH YTD BUDGET & NET COLLECTIONS COMPARISON

	Adopted Budget	Amended Budget	Budget As of October	YTD Budget to Adopted %	Actual As of October	YTD Actual to Adopted %	
CITY OF FORT WORTH							
GENERAL FUND	\$212,147,461	\$212,147,461	\$16,608,001	7.8%	\$18,535,653	8.7%	↑
CCPD	\$102,073,793	\$102,073,793	\$7,990,865	7.8%	\$9,015,282	8.8%	↑
Total	\$314,221,254	\$314,221,254	\$24,598,866		\$27,550,935		

- The General Fund anticipates collecting **\$212,147,461** by fiscal year end
- The CCPD Fund anticipates collecting **\$102,073,793** by fiscal year end
- FY2023 Adopted Budget is 3.7% increase over the actual sales tax collections in General Fund for FY2022 and 2.2% decrease over the actual sales tax collections in CCPD Fund for FY2022
- Both General Fund and CCPD Fund FY2023 Adopted Budgets are 16.0% increase over the FY2022 adopted budget
- In total, net collections are up **14.4%** over the same period last year
- Staff will monitor receipts and will revise projections, if necessary, after at least one full quarter of collections



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COLLECTION DETAIL FOR CITY SALES TAX (FY2022 TO FY2023)

	General Fund				CCPD Fund			
	October 21	October 22	Variance (\$)	Variance (%)	October 21	October 22	Variance (\$)	Variance (%)
Current Period Collections	\$16,039,574	\$18,304,796	\$2,265,222	14.1% ↑	\$7,839,731	\$8,890,317	\$1,050,586	13.4% ↑
Other Collections*	\$271,329	\$394,809	123,480	45.5%	\$134,200	\$196,003	61,803	46.1%
Single Local Rate*	\$167,057	\$205,199	38,142	22.8%	\$81,674	\$99,919	18,245	22.3%
Audit Adjustments	(\$4,858)	(\$34,943)	(30,085)	(619.3%)	(\$2,081)	\$2,170	4,251	204.3%
Service Fee	(\$329,462)	(\$377,397)	(47,935)	(14.5%)	(\$161,070)	(\$183,768)	(22,698)	(14.1%)
Retainage	\$53,203	\$43,190	(10,014)	(18.8%)	\$17,874	\$10,641	(7,233)	(40.5%)
Net Collections	\$16,196,843	\$18,535,653	\$2,338,810	14.4% ↑	\$7,910,328	\$9,015,282	\$1,104,954	14.0% ↑

*OTHER COLLECTIONS ARE PAYMENTS ATTRIBUTED TO NON-CURRENT COLLECTIONS INCLUDING PRIOR PERIOD, FUTURE PERIOD AND UNIDENTIFIED COLLECTIONS. SINGLE LOCAL RATE IS COLLECTIONS FROM REMOTE SELLERS WHO HAVE OPTED TO UTILIZE THE STATE'S ALTERNATE SINGLE LOCAL USE RATE OF 1.75%. THIS SINGLE LOCAL RATE CANNOT BE USED BY BUSINESSES LOCATED IN TEXAS. AUDIT ADJUSTMENTS MAY FLUCTUATE BASED UPON RESULTS OF TAXPAYER SALES TAX AUDITS CONDUCTED BY THE STATE OF TEXAS.

October collections reflect heightened growth as compared to the same month last year.

- The General Fund sales tax collections for October are 111.6% compared to the adopted budget, and 114.4% compared to the same month last year.
- The CCPD Fund sales tax collections for October are 112.8% compared to the adopted budget, and 114.0% compared to the same month last year.

The chart below indicates how FY2023 sales tax net collections in Fort Worth and other select cities in the state compare to FY2022 collections for the same period.

**CITIES COMPARISON – NET COLLECTIONS
FY2023 vs. FY2022**

City	October
IRVING	115.2%
FRISCO	120.3%
GARLAND	113.1%
PLANO	108.4%
FORT WORTH	114.4%
AUSTIN	114.0%
STATE TOTAL	111.2%
SAN ANTONIO	104.0%
EL PASO	103.4%
MCKINNEY	107.5%
HOUSTON	111.9%
GRAND PRAIRIE	107.5%
ARLINGTON	102.6%
DALLAS	109.2%

Source: Allocation Payment Detail and Monthly All Fund Revenue Report, Texas Comptroller of Public Accounts



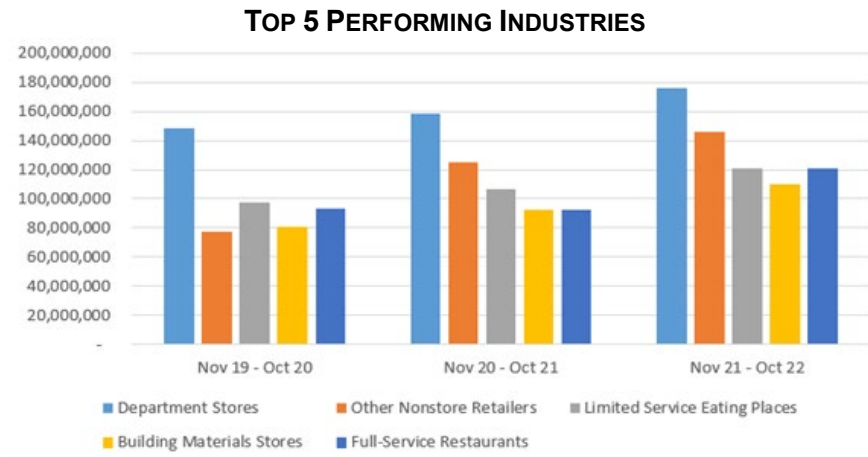
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Sales tax is collected on a variety of transactions besides the traditional retail industry and it is important to understand the various sources in order to anticipate any fluctuations. The chart below indicates the top five industry codes sales tax performed in past three years in Fort Worth, on a rolling 12-month period.



Source: ZacTax

If you have any questions, please contact Richard Zavala, Interim Director of Planning and Data Analytics, at 817-392-6222.

David Cooke
City Manager