



To the Mayor and Members of the City Council

February 7, 2023

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**SUBJECT: NOVEMBER 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 November 2022 (Fiscal Year 2023, Period 2) collection results on January 14, 2023. 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 November	YTD Budget to Adopted %	Actual As of November	YTD Actual to Adopted %	
<b>CITY OF FORT WORTH</b>							
<b>GENERAL FUND</b>	\$212,147,461	\$212,147,461	\$32,843,514	15.5%	\$36,924,906	17.4%	↑
<b>CCPD</b>	\$102,073,793	\$102,073,793	\$15,802,508	15.5%	\$17,967,355	17.6%	↑
<b>Total</b>	<b>\$314,221,254</b>	<b>\$314,221,254</b>	<b>\$48,646,022</b>		<b>\$54,892,261</b>		

- 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 **11.8%** 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			
	November 21	November 22	Variance (\$)	Variance (%)	November 21	November 22	Variance (\$)	Variance (%)
<b>Current Period Collector</b>	\$16,491,717	\$18,061,848	\$1,570,130	9.5% ↑	\$8,057,180	\$8,789,855	\$732,675	9.1% ↑
Other Collections*	\$669,716	\$455,843	(\$213,873)	(31.9%)	\$331,319	\$216,268	(\$115,051)	(34.7%)
Single Local Rate*	\$204,430	\$243,064	\$38,634	18.9%	\$100,010	\$118,347	\$18,337	18.3%
Audit Adjustments	(\$577,046)	\$1,639	\$578,686	100.3%	(\$275,499)	\$9,203	\$284,702	103.3%
Service Fee	(\$335,776)	(\$375,248)	(\$39,472)	(11.8%)	(\$164,260)	(\$182,673)	(\$18,413)	(11.2%)
Retainage	(\$6,188)	\$2,106	\$8,294	134.0%	(\$3,126)	\$1,073	\$4,199	134.3%
<b>Net Collections</b>	<b>\$16,446,852</b>	<b>\$18,389,253</b>	<b>\$1,942,400</b>	<b>11.8% ↑</b>	<b>\$8,045,624</b>	<b>\$8,952,073</b>	<b>\$906,449</b>	<b>11.3% ↑</b>

\*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.

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

- The General Fund sales tax collections for November are 112.3% compared to the adopted budget, and 111.8% compared to the same month last year.
- The CCPD Fund sales tax collections for October are 113.5% compared to the adopted budget, and 111.3% 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	November
IRVING	100.8%
FRISCO	109.7%
GARLAND	106.2%
PLANO	107.8%
<b>FORT WORTH</b>	<b>111.8%</b>
AUSTIN	111.3%
STATE TOTAL	110.5%
SAN ANTONIO	104.1%
EL PASO	105.0%
MCKINNEY	106.4%
HOUSTON	102.7%
GRAND PRAIRIE	100.7%
ARLINGTON	104.7%
DALLAS	112.7%

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



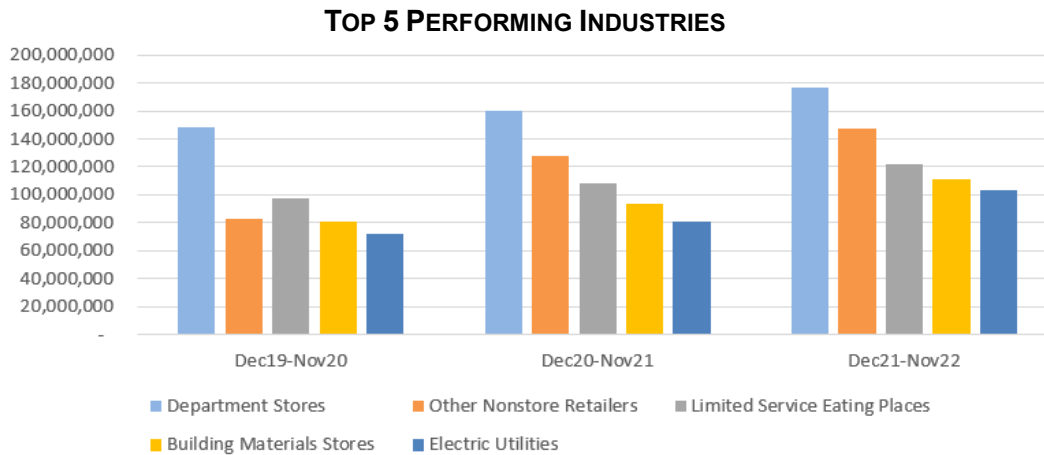
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Sales tax is collected on a variety of transactions besides the traditional retail industry and it is important to understand the various sources in order to anticipate any fluctuations. The chart below indicates the top five industry codes sales tax 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