



To the Mayor and Members of the City Council

April 4, 2023

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SUBJECT: JANUARY 2023 – 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 January 2023 (Fiscal Year 2023, Period 4) collection results on March 9, 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 January	YTD Budget to Adopted %	Actual As of January	YTD Actual to Adopted %	
CITY OF FORT WORTH							
GENERAL FUND	\$212,147,461	\$212,147,461	\$70,337,241	33.2%	\$78,071,014	36.8%	↑
CCPD	\$102,073,793	\$102,073,793	\$33,842,446	33.2%	\$37,665,231	36.9%	↑
Total	\$314,221,254	\$314,221,254	\$104,179,686		\$115,736,245		

- 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 a 3.7% increase over the actual sales tax collections in General Fund for FY2022 and a 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 of General Fund are up **9.8%** 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			
	January 22	January 23	Variance (\$)	Variance (%)	January 22	January 23	Variance (\$)	Variance (%)
Current Period Collections	\$15,153,364	\$17,098,044	\$1,944,680	12.8% ↑	\$7,397,808	\$8,329,969	\$932,160	12.6% ↑
Other Collections*	\$439,437	\$327,681	(\$111,756)	(25.4%)	\$224,042	\$129,856	(\$94,186)	(42.0%)
Single Local Rate*	\$175,588	\$206,574	\$30,985	17.6%	\$85,375	\$100,265	\$14,891	17.4%
Audit Adjustments	\$226,349	(\$75,465)	(\$301,814)	(133.3%)	\$69,725	(\$38,366)	(\$108,090)	(155.0%)
Service Fee	(\$319,895)	(\$351,137)	(\$31,242)	(9.8%)	(\$155,539)	(\$170,434)	(\$14,895)	(9.6%)
Retainage	\$116,240	\$134,222	\$17,982	15.5%	\$51,553	\$58,466	\$6,913	13.4%
Net Collections	\$15,791,083	\$17,339,918	\$1,548,835	9.8% ↑	\$7,672,964	\$8,409,756	\$736,792	9.6% ↑

*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.

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

- The General Fund sales tax collections as of January are 111.3% compared to the adopted budget, and 109.8% compared to the same month last year.
- The CCPD Fund sales tax collections as of January are 111.1% compared to the adopted budget, and 109.6% 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	January
IRVING	106.0%
FRISCO	106.1%
GARLAND	250.4%
PLANO	114.5%
FORT WORTH	109.8%
AUSTIN	112.9%
STATE TOTAL	114.2%
SAN ANTONIO	107.0%
EL PASO	105.8%
MCKINNEY	102.6%
HOUSTON	111.7%
GRAND PRAIRIE	121.0%
ARLINGTON	91.9%
DALLAS	111.9%

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 for sales tax performance for the past three years in Fort Worth, on a rolling 12-month period.

TOP 5 PERFORMING INDUSTRIES



Source: ZacTax (the data for Jan 2023 hasn't been released yet, will update once available)

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

David Cooke
City Manager