

To the Mayor and Members of the City Council

August 3, 2021

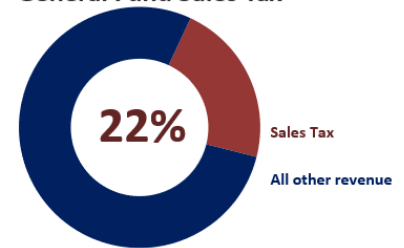
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SUBJECT: MAY 2021 – SALES TAX UPDATE

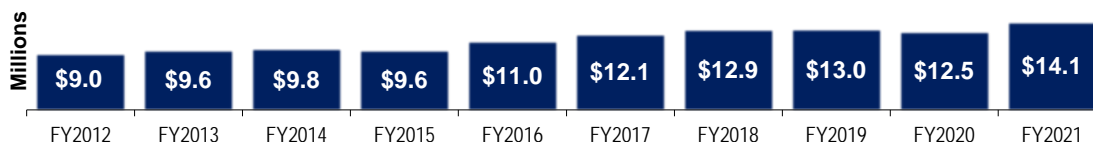
Sales tax revenue represents approximately twenty-two percent of the City's General Fund anticipated revenue in Fiscal Year 2021. It is the second largest revenue source, with property tax being the largest. In addition, sales tax revenue represents the largest revenue source in the Crime Control and Prevention District Fund. Staff is committed to providing regular updates on this important and sometimes volatile revenue source.

General Fund Sales Tax



The Texas Comptroller's Office posted May 2021 (Fiscal Year 2021, Period 8) collection results on July 8th, 2021. Actual receipts are dependent upon the timeliness and accuracy of sales tax payers' returns. This report provides Fort Worth's sales tax collection compared to last year and the impact on the current year's budget. The past year has included changes from legislation which reformed how sales tax is remitted to the state comptroller, as well as the affects from a global pandemic and a winter storm. This activity is being closely monitored and will be reported on if significant impact is expected.

MAY NET SALES TAX COLLECTIONS (10-YEAR HISTORY)



The City's net sales tax collection is up **\$1,529,596** or **12.2%**, compared to the same month last year. As depicted in the following table, the City experienced an increase of **\$2,527,954** or **20.9%** in current period collections when compared to last year's collections for the same month. Current period collections include transactions that were collected for the current period on schedule within the due date. The State experienced a net collection increase of 18.06% compared to last year.

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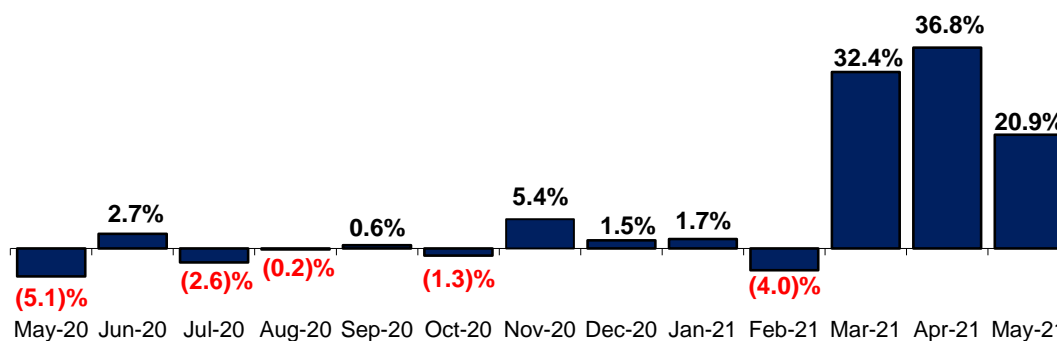
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COLLECTION DETAIL FOR CITY SALES TAX

	May 20	May 21	Variance (\$)	Variance (%)
Current Period Collections	\$12,113,104	\$14,641,057	\$2,527,954	20.9%
Other Collections*	380,383	234,890	(145,493)	(38.2%)
Single Local Rate*	86,084	136,540	50,457	58.6%
Audit Adjustments	227,276	(694,455)	(921,731)	(405.6%)
Service Fee	(256,137)	(286,361)	(30,224)	(11.8%)
Retainage	(21,083)	27,550	48,634	230.7%
Net Collections	\$12,529,626	\$14,059,222	\$1,529,596	12.2%

*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 STATES 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.

CURRENT PERIOD COLLECTIONS Change Compared to Same Month in Prior Year



May collections continue to demonstrate progress after the lag experienced as a result from the pandemic which began last year. The Governor fully lifted COVID restrictions in March of this year as compared to the restrictions enacted in March of last year. As current activity is seen increasing, we continue to note that the same month last year was experiencing the negative impacts and decline in revenue from the onset of COVID-19 as the City declared a local disaster and implemented restrictions. The last few months have shown great performance, at near pre-pandemic levels. Fiscal year projections will be updated as activity steadies.

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The City's General Fund sales tax collections as of May are 107.4% to budget, and at 109.1% through the same period last year. The City's Crime Control and Prevention District Fund (CCPD) sales tax collections as of May are 106.6% to budget, and 109.9% through the same period last year. The monthly comparison of performance to budget is based on a historic three-year collection trend by month. Fiscal years 2017, 2018 and 2019 were included in this calculation, while fiscal year 2020 was excluded due to the irregularity caused by the pandemic.

CITY OF FORT WORTH YTD NET COLLECTIONS COMPARISON

CITY OF FORT WORTH	Budget as of May	Current Receipts Through May	FY2020 Receipts Through May
GENERAL FUND	\$110,184,199	\$118,381,246	\$108,474,916
CRIME CONTROL AND PREVENTION DISTRICT	53,268,864	56,802,057	51,667,705
TOTAL	\$163,453,063	\$175,183,303	\$160,142,621

CITY OF FORT WORTH BUDGET COMPARISON – FY2021

CITY OF FORT WORTH	Adopted Budget	Amended Budget	Fiscal Year Projections	Projected Variance to Amended	
				(\$)	(%)
GENERAL FUND	\$168,248,455	\$168,248,455	\$168,248,455	\$0	0.0%
CRIME CONTROL & PREVENTION DISTRICT	\$79,213,635	\$79,213,635	\$79,213,635	\$0	0.0%

The City anticipates collecting **\$168,248,488** by fiscal year end, which matches original estimates in the FY2021 adopted budget. This is 1.56% over fiscal year 2020 actual collections. At the time of budget development, this represented a 4% increase over the June 2020 projected sales tax. Staff will continue to provide regular updates as financial analysis continues for sales tax impacts due to COVID-19.

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The chart below indicates how current year sales tax net collections in Fort Worth and other select cities in the state compare to FY2020 collections for the same period.

**CITIES COMPARISON – NET COLLECTIONS
FY2021 vs. FY2020**

City	1st Quarter	2nd Quarter	May	YTD
FRISCO	108.9%	116.2%	139.8%	119.1%
AUSTIN	96.7%	103.8%	133.3%	107.6%
ARLINGTON	104.9%	115.9%	130.3%	117.8%
DALLAS	96.2%	104.1%	127.9%	107.5%
PLANO	96.0%	97.8%	126.1%	103.8%
HOUSTON	93.5%	103.8%	125.2%	104.7%
EL PASO	100.0%	117.3%	124.5%	113.1%
SAN ANTONIO	100.6%	110.1%	122.7%	110.1%
GARLAND	100.7%	112.3%	120.5%	111.8%
MCKINNEY	109.7%	114.1%	117.0%	112.8%
IRVING	97.3%	94.5%	114.6%	101.2%
FORT WORTH	101.9%	109.1%	112.2%	109.1%
GRAND PRAIRIE	106.0%	108.1%	109.8%	110.3%
 STATE TOTAL	 96.1%	 104.5%	 118.1%	 105.6%

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

If you have any questions, please call Mark McAvoy, Director of Planning and Data Analytics, at 817-392-6222.

David Cooke
City Manager