



NOVEMBER 2020

# FISCAL NOTES

STATE REVENUE WATCH

11

## Chapter 313: Trading Tax Limitations for Development

By Spencer Grubbs, Shannon Halbrook and Bruce Wright



In July, the electric carmaker Tesla inked a deal with Travis County to build a \$1.1 billion factory called Giga Texas in the community of Del Valle near Austin. The factory, slated to build electric SUVs and car batteries as well as the company's new "Cybertruck," is expected to bring about 5,000 new jobs to the Austin area by the end of 2023, many of them relatively well-paid positions not requiring a college degree. Tesla also said it would invest at least \$100.9 million in the site in 2020 and nearly \$1.1 billion within five years, providing a continuing benefit for construction companies and other vendors in the area.

As with all modern deals of this nature, local officials agreed to provide significant tax incentives in return. The largest of these was a 10-year agreement estimated at \$46.4 million provided by Del Valle Independent School District (ISD), authorized by a Texas law commonly known as Chapter 313.

**Chapter 313 allows school districts to temporarily limit a property's appraised value to encourage business investment within their borders.**

Unless it's renewed by legislative action, Chapter 313 will expire on Dec. 31, 2022, so the program is likely to be a topic of discussion when the Legislature meets in January 2021.

### CHAPTER 313 BASICS

The state of Texas offers several incentive programs to encourage business investment and economic development. One of the most widely used is the 2001 Texas Economic Development Act, created to give Texas a competitive edge in business location decisions and codified as Chapter 313 of the Texas Tax Code.

Chapter 313 allows school districts to temporarily limit a property's appraised value to encourage business investment within their borders. The property owner agrees to create a certain number of permanent, full-time jobs, called "qualifying jobs," (**Exhibit 1**) and to build or install property in the school district. In exchange, the maintenance and operations (M&O) portion of the property's taxable value is capped at a certain amount for 10 years.

The Texas Taxpayers and Research Association (TTARA) has called the program "the state's single most important economic development tool," stating that it helps to "ease the sting" of Texas' relatively

CONTINUED ON PAGE 3

# A Message from the Comptroller

The phrase “economic development,” as often practiced today, encompasses a complex process of strategic planning, resource analyses, stakeholder meetings, legal reviews — and, sometimes, old-fashioned horse-trading. All states have economic development strategies and incentives, and it’s rare indeed these days to hear about a major business expansion or relocation decision that *didn’t* involve some form of government participation.



Texas is no different, and my office has duties connected with one of the most prominent Texas business incentives, the local tax benefits offered under Section 313 of the Texas Tax Code.

Section 313 was born as the 2001 Texas Economic Development Act. Under this legislation, school districts can agree to a decade-long reduction of the taxable value assigned to a property in exchange for a business owner’s commitment to develop it for commercial purposes and create an agreed-upon number of jobs in the district. The temporary reduction in public school taxes may be followed by greater tax collections on a much more valuable property — in a healthier local economy.

The Comptroller’s office is charged with approving Chapter 313 agreements, but in practice the requirements are hard to judge. Among other things, the law requires us to assess the tax revenue a particular project will generate over 25 years. That’s a job better suited for a fortune teller, but we do the best we can.

Chapter 313 is complex and at times controversial. It’s brought billions of dollars of investment to Texas’ rural areas, but it’s also required the state to pay out hundreds of millions of dollars to local school districts to make up for revenue reductions due to the agreements. It’s been called everything from a giveaway to big business to “the state’s single most important economic development tool.”

And, importantly, Chapter 313 has a time limit. Under current state law, the chapter will expire on Dec. 31, 2022. The program will almost certainly be debated in the next legislative session, which is already sure to be challenging. For these reasons, we think now is the time for a detailed look at this law and the industries it has benefited.

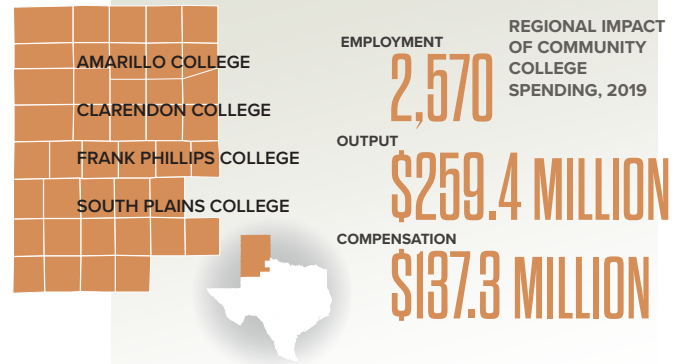
As always, I hope you find this issue interesting, informative and useful.

**GLENN HEGAR**

Texas Comptroller of Public Accounts

## TEXAS COMMUNITY COLLEGES

### HIGH PLAINS REGION



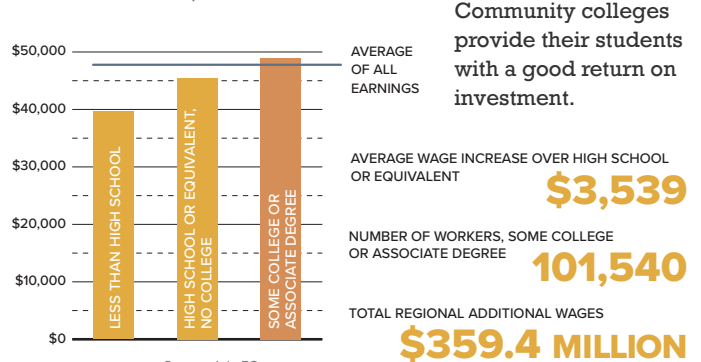
Texas’ community college districts serve a vital role in our state’s economy by developing our workforce, preparing students for further academic study and meeting specific vocational needs. The 41 counties in the High Plains region include four community college districts.

Note: Figures include direct, indirect and induced economic impacts.  
Sources: JobsEQ, Texas Comptroller of Public Accounts, Texas Higher Education Coordinating Board and Texas community colleges.

NOTE: THESE ANALYSES PREDATED THE COVID-19 CRISIS AND THE ECONOMIC IMPACTS THAT FOLLOWED.

### WAGES BY EDUCATIONAL ATTAINMENT

AVERAGE ANNUAL EARNINGS BY EDUCATIONAL ATTAINMENT, HIGH PLAINS REGION, 2018

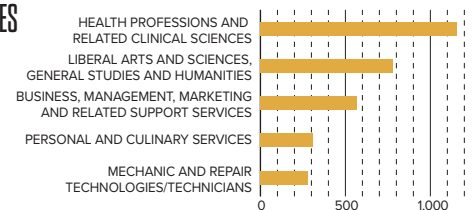


Source: JobsEQ

### CERTIFICATES AND DEGREES

TOP CERTIFICATES AND DEGREES, HIGH PLAINS REGION, 2017-2018 SCHOOL YEAR

Source: JobsEQ



### SUMMARY

Community colleges offer postsecondary education and job training at great value. The High Plains region’s community college districts support nearly 2,600 jobs and add more than \$259 million in economic output each year. Furthermore, the higher pay of those with some college or an associate degree helps raise total wages in the region by more than \$359 million annually.

TO SEE INFORMATION ON COMMUNITY COLLEGES AND THE TEXAS ECONOMY: <https://comptroller.texas.gov/economy/economic-data/colleges/>

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## EXHIBIT 1

### CHAPTER 313 JOB REQUIREMENTS

To be counted as a “qualifying job” created in a Chapter 313 project, the position must meet the following qualifications set in statute.

“Qualifying job” means a permanent full-time job that:

- (A) requires at least 1,600 hours of work a year;
- (B) is not transferred from one area in this state to another area in this state;
- (C) is not created to replace a previous employee;
- (D) is covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and
- (E) pays at least 110 percent of the county average weekly wage for manufacturing jobs in the county where the job is located.

Source: Texas Tax Code, Chapter 313

high property tax rates for companies considering new construction or expansion.

According to a December 2016 report by the nonprofit Council on State Taxation, property taxes are the largest single element of the state and local tax burden on businesses, accounting for nearly 37 percent of the total nationally — and more than 42 percent in Texas. TTARA estimates the average Chapter 313 agreement saves each project 31.8 percent of its school tax bill.

School districts report Chapter 313 property value reductions to the Comptroller’s office. These are reflected in the Texas Education Agency’s (TEA’s) school finance formulas that determine the amounts and distribution of state public education funding.

## The Texas Comptroller’s office must approve all Chapter 313 agreements.

State revenue used to make up for local school district revenue reductions due to Chapter 313 agreements is substantial and is likely to exceed \$1 billion in 2023 alone. Any reductions not compensated for by state aid are made up by companies through so-called revenue protection payments.

In addition, school districts often receive “supplemental” payments from the businesses. Under Chapter 313, these supplemental payments are capped at either \$100 per student or \$50,000 annually each year; these can begin in the year before the first complete year of the qualifying period and continue through the third year after the limitation ends (effectively, for 13 to 17 years).

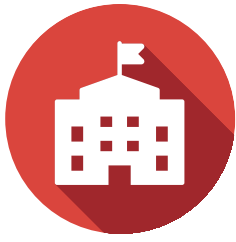
According to TTARA, school districts typically attempt to recover 40 percent of the tax benefit granted for each project through these payments. A 2017 study by a University of Texas at Austin professor argued that these supplemental payments are a powerful inducement for school districts to participate, and that such payments tend to be higher in cases in which the company has less ability to locate elsewhere, as in the case of expansions of existing facilities or oil and gas projects along the Gulf Coast.

### THE COMPTROLLER’S ROLE

The Texas Comptroller’s office must approve all Chapter 313 agreements, and all applicants must meet the following criteria:

- within 25 years, the project proposed must be reasonably likely to generate enough tax revenue to offset the property tax revenue lost as a result of the agreement; and
- the agreement must be a *determining factor* in the applicant’s decision to invest capital and build the project in Texas.

# Chapter 313: Trading Tax Limitations for Development



**Chapter 313 has been particularly beneficial to rural school districts, often considered “property poor” due to low real estate values and a lack of commercial development.**

In practice, however, assessing applicants based on these criteria is challenging. Predicting the economic impacts of *any* business for 25 years is difficult, and the Comptroller’s office relies on estimates submitted by the applicant. No matter how much “good-faith effort” a company puts into its estimates, the resulting assessment is simply a best guess as to circumstances over two decades in the future.

The “determining factor” criterion is similarly difficult to assess. Business location decisions typically are based on a number of factors, such as regulatory environment, workforce availability, location, markets, transportation and incentives — and the mix of factors used to make a decision may be different for each company. It’s generally impossible to determine the factors that ultimately cause a company to make a final decision, but it’s plausible to assume that the availability of a large tax break is often a determining factor, if one of many.

Indeed, Chapter 313 agreements have become so common that some companies report their lenders won’t approve financing *unless* they enter into a 313 agreement.

## **RURAL DISTRICTS AND STRATEGIC INVESTMENT AREAS**

Chapter 313 has been particularly beneficial to rural school districts. Often, these districts are considered “property poor” due to relatively low real estate values and a lack of commercial development. Chapter 313 specifies lower eligibility thresholds for investment and qualifying jobs in districts with comparatively low populations.

Under TEA’s district classification system, 230 of the state’s 509 active Chapter 313 agreements are in

rural districts. They account for 25.8 percent of total investments, 26.9 percent of the gross tax benefit awarded, 19.0 percent of supplemental payments provided and 12.5 percent of qualified jobs created.

Chapter 313 *also* offers these lower thresholds to districts with territory in a county designated by the Comptroller as a *Strategic Investment Area* (SIA) — essentially an area with higher-than-average unemployment and lower-than-average income. At this writing, 88 Texas counties — some rural, some urban — are designated as SIAs.

The threshold provision has been useful in directing investment to rural and disadvantaged communities. Nearly 90 percent of active Chapter 313 projects are subject to the lower thresholds. These projects have generated roughly \$182 billion in investments (83.7 percent of the active project total), \$9.2 billion in gross tax benefit (85.8 percent) and \$1.2 billion in supplemental payments to school districts (75.2 percent) — and created about 6,300 qualified jobs, or 68.7 percent of the total.

**Exhibit 2** shows Texas school districts that have had a Chapter 313 agreement, 294 in all, concentrated primarily in rural areas of West Texas, the High Plains and the Gulf Coast.

At this writing, 222 districts have a total of 509 active agreements. About half of these districts have only one or two active agreements, but 22 have five or more; one district near Houston has 36 active Chapter 313 agreements.

The program has grown considerably over time, according to data collected for the Comptroller’s biennial Chapter 313 progress reports. Though the data collected in 2020 are still preliminary, steady increases in number of agreements, investments, gross tax benefits and qualified jobs mostly continue (**Exhibit 3**).

## **ELIGIBLE PROJECTS**

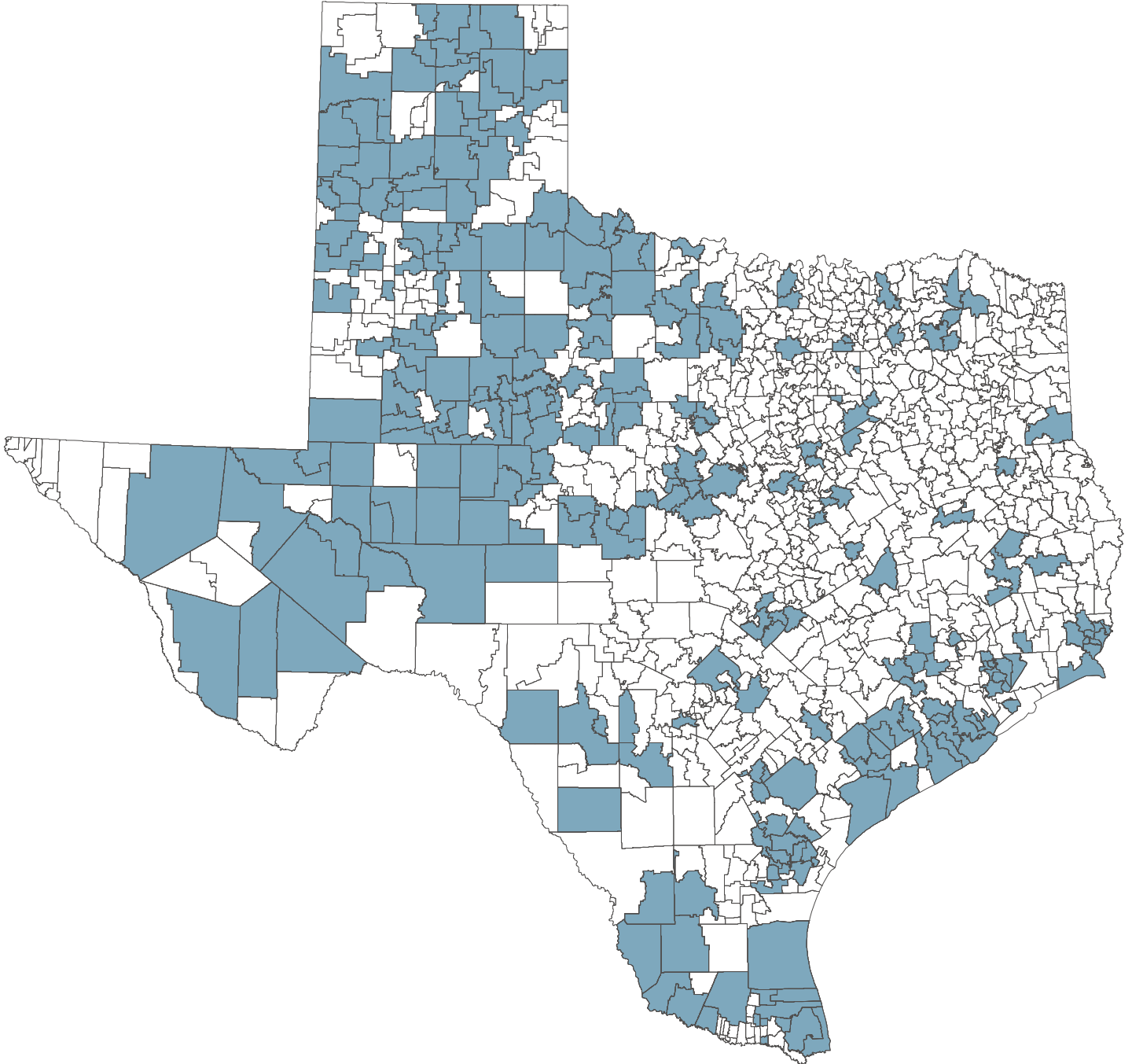
Under Chapter 313, nine project categories are eligible for its tax limitations (**Exhibit 4**).

In practice, however, nearly all active projects fall in just two of these categories: *renewable energy electric generation* (REEG) and *manufacturing* (**Exhibit 5**), primarily chemical manufacturing.

EXHIBIT 2

TEXAS SCHOOL DISTRICTS THAT HAVE ENTERED INTO CHAPTER 313 AGREEMENTS

(Includes both active and completed agreements)



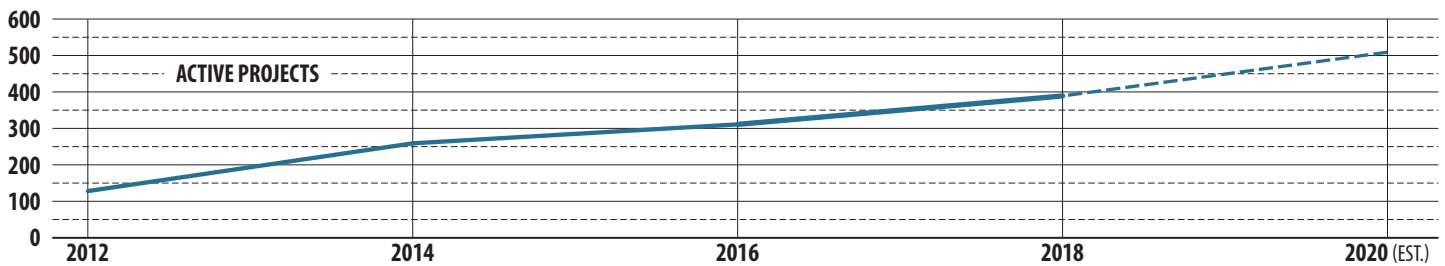
Source: Texas Comptroller of Public Accounts

# Chapter 313: Trading Tax Limitations for Development



EXHIBIT 3

## CHAPTER 313 HISTORICAL TRENDS, 2012-2020



	2012	2014	2016	2018	2020 (EST.)
<b>ACTIVE PROJECTS</b>	128	259	311	389	509
<b>INVESTMENT</b>	\$62.4 Billion	\$123.0 Billion	\$146.1 Billion	\$183.7 Billion	\$217.0 Billion
<b>GROSS TAX BENEFIT (LIFE OF PROJECTS)</b>	\$2.4 Billion	\$5.5 Billion	\$7.1 Billion	\$9.7 Billion	\$10.8 Billion
<b>QUALIFIED JOBS CREATED</b>	6,994	8,943	10,841	12,498	9,116 (Through 2019)

Notes: Exhibit reflects self-reported data from active agreement holders; 2020 data are preliminary and subject to change.  
Source: Texas Comptroller of Public Accounts

### RENEWABLE ENERGY ELECTRIC GENERATION

Reliable renewable energy production depends heavily on location and landscape. Texas is fortunate to have ample wind and solar resources. Program incentives for REEG projects encourage clean energy and tend to boost rural economic development, since most of these projects are based in relatively isolated areas. The REEG industry accounts for more than 61 percent of active projects under Chapter 313, with about 300 under way. For about \$2.9 billion in gross tax benefits, they've attracted about \$62 billion in investments and created more than 1,193 jobs, while generating \$526.3 million in supplemental payments to school districts.

Wind power projects are the most common subjects of REEG agreements. Texas has more installed wind power capacity than any other state, and produced about 28 percent of all U.S. wind-powered electricity in 2019. According to the U.S. Department of Energy, wind power is responsible for an estimated

**The renewable energy production industry accounts for more than 61 percent of active projects under Chapter 313, with about 300 under way.**

17.6 percent of production on Texas' energy grid. In 2019, the industry added about \$1.1 billion to Texas' gross domestic product (GDP). From 2010 to 2020, its Texas employment rose by 14.5 percent, nearly five times the national increase.

In addition to its natural wind resources, Texas is a competitive location for REEG projects for another important reason: the state has addressed a major concern for developers — transmission. Many states lack the infrastructure to distribute electricity produced by growing numbers of REEG projects, which typically are located in rural areas away from traditional electric

generation projects already connected to the power grid. Texas, however, has helped defray transmission costs for REEG project developers.

In 2005, the Texas Legislature required the Public Utility Commission of Texas to designate competitive renewable energy zones (CREZs) for the purpose of

## In the last few years, solar has more than doubled its share of renewable energy projects under Chapter 313.

integrating REEG projects with traditional electric generation projects and providing open access to the Electric Reliability Council of Texas (ERCOT), which manages most of the state's electric power grid. The \$6.8 billion project, which included 3,500 miles of transmission lines, was completed in January 2014.

The solar power generation industry has a much smaller economic footprint in Texas, adding \$76.8 million to the state's GDP in 2019 — less than 1 percent of the total. From 2010 to 2020, Texas industry employment increased by 1.9 percent, compared to a national increase of 13.6 percent. But Texas solar electric power is on the rise; in 2020, Texas ranked fifth in the nation for total installed solar capacity. In the last few years, solar has more than doubled its share of REEG projects, from 35 accounting for 15.8 percent of the total in 2018 to 103 or 32.7 percent in 2020. Solar power also will benefit from the additional transmission capacity generated by CREZ spending.

Historically, capital costs (primarily for construction) for REEG projects are higher than those for traditional electricity generation, but costs have dropped significantly in recent years, largely because of advances in technology and cheaper components such as wind turbine blades and solar panels. According to the U.S. Energy Information Administration (EIA), construction costs for solar power fell by 50 percent between 2013 and 2018, while costs for wind fell by 27 percent, a trend suggesting that REEG projects will become more financially viable in the long term.

EXHIBIT 4

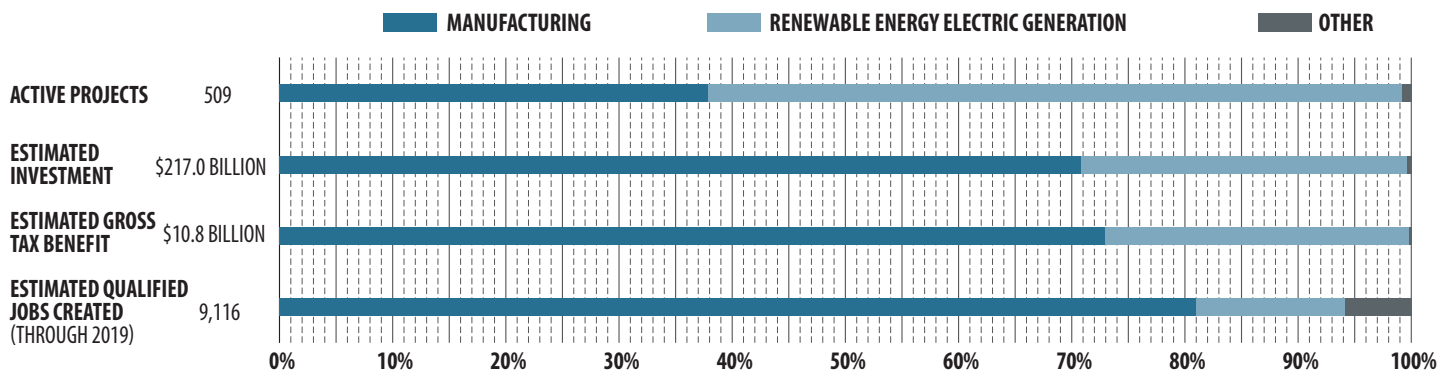
### PROJECTS ELIGIBLE FOR CHAPTER 313 TAX LIMITATIONS

1. Manufacturing
2. Research and development
3. A clean coal project as defined by Section 5.001 of the Texas Water Code
4. An advanced clean energy project as defined by Section 382.003 of the Texas Health and Safety Code
5. Renewable energy electric generation
6. Electric power generation using integrated gasification combined cycle technology
7. Nuclear electric power generation
8. A computer center primarily used in connection with one or more activities described by Subdivisions (1) through (7) conducted by the entity
9. "Texas priority projects" — those with a qualified investment commitment of more than \$1 billion

Source: Texas Tax Code Chapter 313

EXHIBIT 5

### ACTIVE CHAPTER 313 PROJECTS AS OF JUNE 1, 2020



Notes: Exhibit reflects self-reported data from active agreement holders. Data are preliminary and subject to change; totals may not add due to rounding.

Source: Texas Comptroller of Public Accounts

# Chapter 313: Trading Tax Limitations for Development



## CHEMICAL MANUFACTURING

Manufacturing accounts for nearly 38 percent of all active Chapter 313 projects, and more than three-quarters of those involve chemical manufacturing, a broad category including Texas' huge petrochemical and plastics industries.

Texas isn't merely competitive in chemical manufacturing; it dominates the field in the U.S., and its status as a global leader naturally encourages investment here. In 2019, chemical manufacturing added \$59 billion to Texas' GDP. The industry's economic contribution here has risen by an average of 7 percent annually during the last 10 years, compared to 3.2 percent for the nation, and its employment in Texas has risen more than twice as fast as in the nation.

The 152 active chemical manufacturing projects far outweigh all other Chapter 313 manufacturing projects in size and value, exceeding \$108 billion in investment (49.8 percent of the total) for \$6.2 billion in gross tax benefits (57.4 percent). Those agreements also channeled a total of \$781 million in supplemental payments to school districts, or 50.2 percent of all such payments.

Among these projects, three of the most significant subcategories are petrochemical manufacturing, industrial gas manufacturing and plastics and resin manufacturing. (The categorization of these vast projects is somewhat inexact, so the data discussed here are approximate.)

**Petrochemicals:** Hundreds of useful chemicals can be manufactured from hydrocarbons, including oil as well as natural gas, primarily methane, and "natural gas liquids" (NGL) such as ethane, butane and propane.

Texas is home to more than 72 percent of the nation's petrochemical manufacturing, which contributes \$15.5 billion to the state's GDP. The sector employs more than 18,000 Texans, with an employment concentration almost eight times the U.S. average. The 44 active Chapter 313 projects in this category attracted \$24.8 billion in investment, are collecting \$1.3 billion in gross tax benefits, have distributed \$201 million in supplemental payments to districts and created 832 qualified jobs.

## The 152 active chemical manufacturing projects far outweigh all other Chapter 313 manufacturing projects in size and value, exceeding \$108 billion in investment.

Despite the pandemic-spurred recession and a profound drop in oil demand and production, the EIA sees demand for petrochemicals and NGL continuing to grow.

**Industrial Gas:** The federal government defines industrial gas as both "organic and inorganic gases in compressed, liquid and solid forms." In Texas, much of the industrial gas manufactured is methane from natural gas, also called "dry gas," or methane compressed into liquefied natural gas (LNG), generally for export.

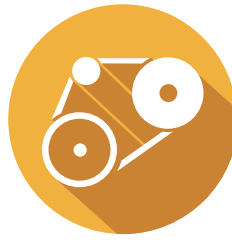
Texas' industrial gas manufacturing subsector produces more than a fourth of the national total, adding about \$2.6 billion to Texas GDP in 2019. About 3,300 Texans are employed in this industry, which has benefited greatly from Chapter 313. One active Chapter 313 agreement for an LNG facility south of Houston provided a \$30 million tax limitation in exchange for a minimum commitment of nearly \$1.3 billion in investment and 70 jobs; by the end of 2019, the partner company had made nearly \$2.2 billion in actual investments and created 88 jobs paying a median annual wage of more than \$98,600.

In all, 76 active industrial gas manufacturing projects have attracted \$58.3 billion in investment and produced a gross tax benefit of \$3.4 billion, \$390 million in supplemental payments to school districts and 928 qualified jobs.

In the long run, industrial gas manufacturing in Texas is expected to remain robust due to growing demand, ample supply, expanding export capacity and, as aging coal plants are retired, greater use of natural gas for electric power generation in the U.S. and Mexico.

**Plastics and Resin:** Plastics are derived from both natural gas and crude oil, making Texas a prime location for manufacturers of plastics and resin, the basic building block of plastic.





In 2019, plastics and resin manufacturing produced \$8.6 billion in GDP for Texas. Its GDP contributions have risen by an average of 8.3 percent annually during the last 10 years, nearly twice its 4.4 percent rise in the nation as a whole. From 2010 to 2020, industry employment in Texas rose by an average 2.9 percent annually, versus 1.3 percent nationally. In 2020, the industry's employment was nearly twice as concentrated in Texas as in the nation.

Chapter 313 has helped incentivize seven active plastics and resin manufacturing projects in Texas. These projects are receiving an estimated gross tax benefit of nearly \$165 million under the program for their M&O tax bases levied by Texas school districts. In return, the projects invested more than \$4 billion in the economy, created 201 qualified jobs, paid \$14.7 million in total wages and provided \$36.8 million in supplemental payments to the school districts.

## OTHER MANUFACTURING

Several other types of manufacturers benefit from Chapter 313.

**Transportation equipment:** In 2019, the transportation equipment manufacturing subsector contributed about \$33 billion to Texas GDP. Texas' proximity to Mexico is particularly beneficial for this industry because auto factories depend on parts from that nation to assemble vehicles. Mexico also provides the industry with a significant market.

In 2019, transportation equipment was Texas' fifth-largest export category in total value, at nearly \$28.4 billion — more than any other state, including Michigan. Texas' industry is expected to benefit from the

**Two active computer and electronic product manufacturing projects are estimated to receive a lifetime tax benefit of more than \$239 million in return for nearly \$11.5 billion in investments.**

new United States-Mexico-Canada Agreement, which provides more incentives for automotive production in North America than the previous agreement it replaced.

The Chapter 313 program has supported two transportation equipment manufacturing projects in Texas, one of them no longer active. These projects received an estimated gross tax benefit of nearly \$40 million under the program. In return, they invested nearly \$2.1 billion in the economy, created more than 2,782 qualified jobs, paid \$312.2 million in total wages and provided \$2 million in supplemental payments to school districts.

**Computer and electronic products:** The Texas electronics industry has a rich history dating at least to the 1951 founding of Texas Instruments. Our state provides the electronics industry with access to a skilled workforce, nationally renowned research universities and customers in related industries. In 2019, computer and electronic products represented Texas' third-largest export category by total value, at nearly \$49.4 billion — more than any other state, including California.

In 2019, computer and electronic product manufacturers produced about \$37 billion in GDP for Texas. From 2010 to 2020, their employment in Texas declined slightly, by 0.2 percent, on par with a similar decrease nationally.

The Chapter 313 program currently includes two active computer and electronic product manufacturing projects that are estimated to receive a lifetime gross tax benefit of more than \$239 million. In return, the projects invested nearly \$11.5 billion in the economy, created 274 qualified jobs, paid \$36.3 million in total wages and provided more than \$28 million in supplemental payments to the school districts.

Chapter 313 has provided a significant boost to economic development in Texas since its inception, particularly in rural communities. The program's rapid growth has received much attention and prompted some controversy, since Texas already has many natural advantages in the competition for commercial development. Yet today, and particularly in the face of international economic turmoil, the program still may have an important role to play in encouraging investment — particularly in areas of the state that need it most. The Legislature will weigh this issue in 2021. **FN**



## On the Road Again

### Fear of Flying Mobilizes Vacationers During Pandemic

For many, recreational vehicles (RVs) are supplanting airplanes as the travel mode of choice due to COVID-19 restrictions and low gasoline prices. Texas' \$7 billion RV market contributed more than \$720 million to the state treasury in fiscal 2019. Industry sources say 2020 could top last year's economic impact in sales, rentals, overnight parking fees and other related revenues. RVs also are becoming popular as mobile offices, a trend that could continue after the pandemic as telework grows in importance. Learn more about this phenomenon in *Line Items*, the exclusive online supplement to *Fiscal Notes*, at **FiscalNotes.org**.

## Unpacking the Unprecedented

### Comptroller's Office Gauges COVID-19's Economic Impact

Since March, Comptroller economists and fiscal analysts have been examining the economic impacts of the pandemic. To date, we've produced two special editions of *Fiscal Notes* devoted to the crisis. In May, we reported on the record number of unemployment claims filed and the Texas Workforce Commission's response. We also explored factors contributing to the downturn and compared its characteristics to previous recessions. Our September issue explained July's Certification Revenue Estimate, revised to account for the recession, in detail. We also updated our readers on the employment situation. Revisit these and other FN issues at **FiscalNotes.org**.



## Transparency, Customer Service at Your Fingertips

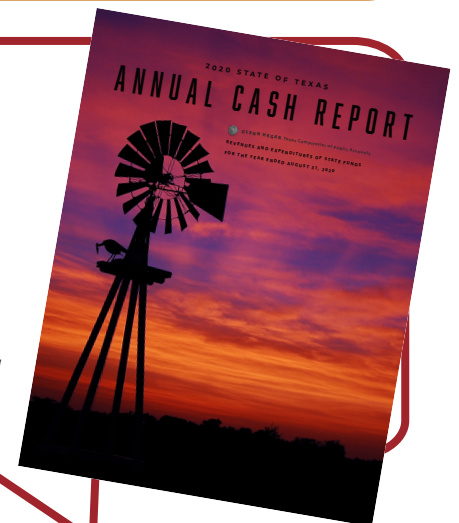
### CPA "virtually" has it all

It's more important than ever for people to be able to find information and do business online, and it has never been easier to use the Comptroller's website to do just that. We have the latest financial reports, tax updates and current information about tax deadlines and payment plans — and our revenue and expenditure tool allows users to examine state finances in detail. In addition, certain taxes can be submitted and paid online through Webfile. We're all about transparency and customer service at **Comptroller.Texas.Gov**.

## Cash Report Details Texas' Financial Condition

### Details of pandemic's effect included in report

The *State of Texas Annual Cash Report* for fiscal 2020 provides a cash-basis picture of the state's financial condition. The report includes revenue and expenditure data for all funds in the State Treasury as of Aug. 31. It cites job losses, revenue declines and energy industry difficulties that occurred as a result of the pandemic. Among the details: The Consolidated General Revenue Fund ended the fiscal year with a cash balance of \$7.8 billion, a decrease from fiscal 2019 due largely to lower tax collections. Access the report at <https://comptroller.texas.gov/transparency/reports/cash-report/>.



This table presents data on net state revenue collections by source. It includes most recent monthly collections, year-to-date (YTD) totals for the current fiscal year and a comparison of current YTD totals with those in the equivalent period of the previous fiscal year.

These numbers were current at press time. For the most current data as well as downloadable files, visit [comptroller.texas.gov/transparency](http://comptroller.texas.gov/transparency).

Note: Texas' fiscal year begins on Sept. 1 and ends on Aug. 31.

## NET STATE REVENUE — All Funds Excluding Trust

(AMOUNTS IN THOUSANDS)

### Monthly and Year-to-Date Collections: Percent Change From Previous Year

Tax Collections by Major Tax	OCTOBER 2020	YEAR TO DATE: TOTAL	YEAR TO DATE: CHANGE FROM PREVIOUS YEAR
<b>SALES TAX</b>	\$2,723,064	\$5,295,762	-4.78%
PERCENT CHANGE FROM OCTOBER 2019	-3.49%		
<b>MOTOR VEHICLE SALES AND RENTAL TAXES</b>	454,818	909,081	-1.17%
PERCENT CHANGE FROM OCTOBER 2019	-6.12%		
<b>MOTOR FUEL TAXES</b>	285,810	579,935	-9.02%
PERCENT CHANGE FROM OCTOBER 2019	-8.34%		
<b>FRANCHISE TAX</b>	-15,563	32,898	-199.26%
PERCENT CHANGE FROM OCTOBER 2019	-64.17%		
<b>OIL PRODUCTION TAX</b>	200,114	427,613	-37.16%
PERCENT CHANGE FROM OCTOBER 2019	-42.22%		
<b>INSURANCE TAXES</b>	27,144	53,214	-9.21%
PERCENT CHANGE FROM OCTOBER 2019	10.36%		
<b>CIGARETTE AND TOBACCO TAXES</b>	103,110	233,652	33.43%
PERCENT CHANGE FROM OCTOBER 2019	-11.87%		
<b>NATURAL GAS PRODUCTION TAX</b>	56,595	127,544	-30.30%
PERCENT CHANGE FROM OCTOBER 2019	-32.92%		
<b>ALCOHOLIC BEVERAGES TAXES</b>	88,343	166,289	-28.96%
PERCENT CHANGE FROM OCTOBER 2019	-24.20%		
<b>HOTEL OCCUPANCY TAX</b>	32,977	67,182	-35.16%
PERCENT CHANGE FROM OCTOBER 2019	-33.31%		
<b>UTILITY TAXES<sup>1</sup></b>	56,916	60,388	-50.19%
PERCENT CHANGE FROM OCTOBER 2019	-52.46%		
<b>OTHER TAXES<sup>2</sup></b>	8,101	13,370	-68.06%
PERCENT CHANGE FROM OCTOBER 2019	-68.55%		
<b>TOTAL TAX COLLECTIONS</b>	<b>4,021,430</b>	<b>\$7,966,925</b>	<b>-8.25%</b>
PERCENT CHANGE FROM OCTOBER 2019	<b>-9.79%</b>		
Revenue By Source	OCTOBER 2020	YEAR TO DATE: TOTAL	YEAR TO DATE: CHANGE FROM PREVIOUS YEAR
<b>TOTAL TAX COLLECTIONS</b>	\$4,021,430	\$7,966,925	-8.25%
PERCENT CHANGE FROM OCTOBER 2019	-9.79%		
<b>FEDERAL INCOME</b>	4,603,894	10,582,561	39.25%
PERCENT CHANGE FROM OCTOBER 2019	31.59%		
<b>LICENSES, FEES, FINES AND PENALTIES</b>	466,154	1,143,090	-0.72%
PERCENT CHANGE FROM OCTOBER 2019	-7.11%		
<b>STATE HEALTH SERVICE FEES AND REBATES<sup>3</sup></b>	611,048	618,688	-54.63%
PERCENT CHANGE FROM OCTOBER 2019	-17.65%		
<b>NET LOTTERY PROCEEDS<sup>4</sup></b>	192,559	449,879	23.34%
PERCENT CHANGE FROM OCTOBER 2019	-5.08%		
<b>LAND INCOME</b>	139,445	280,482	-24.89%
PERCENT CHANGE FROM OCTOBER 2019	-23.81%		
<b>INTEREST AND INVESTMENT INCOME</b>	63,397	351,551	-43.90%
PERCENT CHANGE FROM OCTOBER 2019	-52.37%		
<b>SETTLEMENTS OF CLAIMS</b>	5,399	27,824	124.20%
PERCENT CHANGE FROM OCTOBER 2019	-46.13%		
<b>ESCHEATED ESTATES</b>	52,226	70,792	14.97%
PERCENT CHANGE FROM OCTOBER 2019	5.27%		
<b>SALES OF GOODS AND SERVICES</b>	17,404	54,417	20.00%
PERCENT CHANGE FROM OCTOBER 2019	-8.84%		
<b>OTHER REVENUE</b>	351,295	472,525	112.33%
PERCENT CHANGE FROM OCTOBER 2019	384.35%		
<b>TOTAL NET REVENUE</b>	<b>\$10,524,250</b>	<b>\$22,018,734</b>	<b>7.38%</b>
PERCENT CHANGE FROM OCTOBER 2019	<b>6.62%</b>		

<sup>1</sup> Includes public utility gross receipts assessment, gas, electric and water utility tax and gas utility pipeline tax.

<sup>2</sup> Includes taxes not separately listed, such as taxes on oil well services, coin-operated amusement machines, cement and combative sports admissions as well as refunds to employers of certain welfare recipients.

<sup>3</sup> Includes various health-related service fees and rebates that were previously in "license, fees, fines and penalties" or in other non-tax revenue categories.

<sup>4</sup> Gross sales less retailer commission and the smaller prizes paid by retailers.

Notes: Totals may not add due to rounding. Excludes local funds and deposits by certain semi-independent agencies.

Includes certain state revenues that are deposited in the State Treasury but not appropriated.



# FISCAL NOTES

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Texas Comptroller of Public Accounts  
Publication #96-369,  
**November 2020**