



AUGUST 2018

FISCAL NOTES

ALSO INSIDE THIS ISSUE:

SALES TAX HOLIDAYS

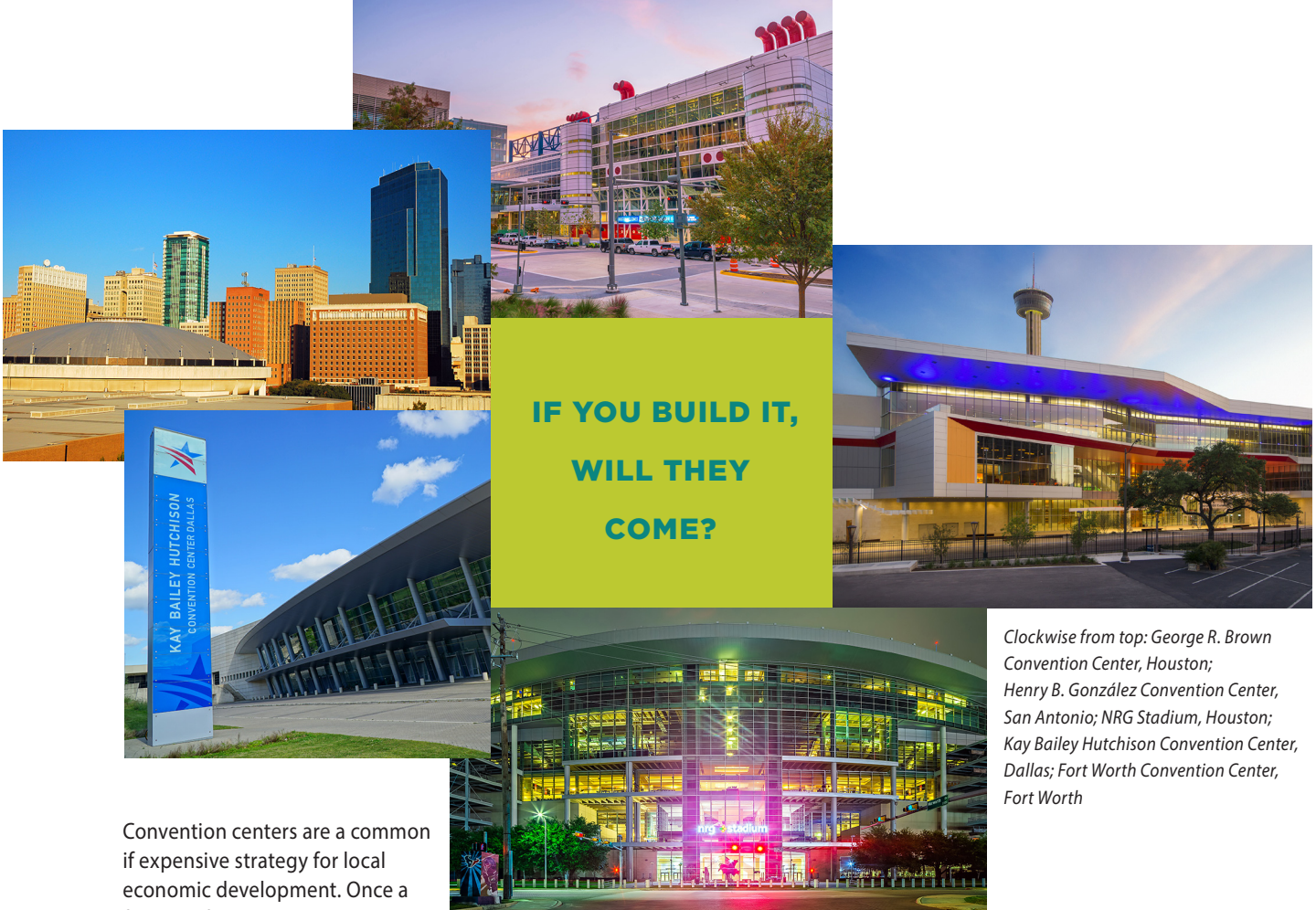
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STATE REVENUE WATCH

11

Paying for Texas Convention Centers

By David Green and Bruce Wright



Clockwise from top: George R. Brown Convention Center, Houston; Henry B. González Convention Center, San Antonio; NRG Stadium, Houston; Kay Bailey Hutchison Convention Center, Dallas; Fort Worth Convention Center, Fort Worth

Convention centers are a common if expensive strategy for local economic development. Once a feature of the largest cities, today convention centers are increasingly common across America, established in the hope of luring visitor traffic that can revitalize communities. They can help provide a sense of place, hosting annual events that come to characterize a city, such as South by Southwest in and around the Austin Convention Center or the Houston Livestock Show and Rodeo at the NRG Stadium.

But the sheer number of convention centers has made the market highly competitive, putting pressure on these venues to expand and add the latest innovations to attract events. In Texas and elsewhere, state and local governments have responded by increasing incentives and subsidies for the construction, renovation and maintenance of convention centers and their surrounding hotels and infrastructure.

The sheer number of convention centers has made the market highly competitive, bringing pressure to expand and add the latest innovations.

These incentives can be controversial, though. Convention centers are highly expensive operations, and most don't make a profit — particularly when considering the debt service payments involved in their construction. Private investors are reluctant to invest in such uncertain ventures, which leaves the tab with taxpayers. Advocates of convention centers argue that

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A Message from the Comptroller

Probably most of us, at one time or another, have been in a convention center for a conference, a garden show or dozens of other types of events. They're big, glitzy places that can anchor a downtown, surrounded by hotels, bars, restaurants and shops catering to out-of-towners. What you may not have noticed, though, is just how many of them there are — hundreds in the U.S. and more than 90 here in Texas.



A convention center is a big investment, with a construction price tag that can run into the hundreds of millions. They're also expensive to staff and operate — and most of them never turn a profit. And in a highly competitive market, there's constant pressure to keep convention centers up to date, with more exhibition space, more hotels and entertainment options, luxurious appointments and the latest electronic features.

Because of these characteristics, most private investors consider convention centers to be a bad bet. State and local governments generally foot the bill, despite some indications that the market for these facilities may be saturated. In this issue, we discuss the complex economics of convention centers.

We also profile Texas' sales tax holidays. Most Texans know about our oldest holiday, the back-to-school event held in August — and if you don't, then mark your calendar for this year's event, on Aug. 10 through 12! For that weekend, Texans can purchase non-athletic clothing and footwear costing less than \$100, as well as many school supplies, without sales tax, which can save about 8 cents on the dollar.

But the Legislature has created several other sales tax events to further important public purposes, including energy and water conservation and emergency preparation. In this article, we review the ins and outs of these holidays and point you toward more information on what's tax free during each.

As always, I hope you enjoy this issue!

GLENN HEGAR

Texas Comptroller of Public Accounts

TEXAS WOMEN IN INFORMATION

The information sector processes, produces and distributes data as well as various informational products. In 2016, information contributed \$55.3 billion to the Texas economy. Women account for 37 percent of the state's 202,000 jobs in this sector.

THIS INDUSTRY CONTRIBUTED

\$55.3 BILLION

to state GDP in 2016.

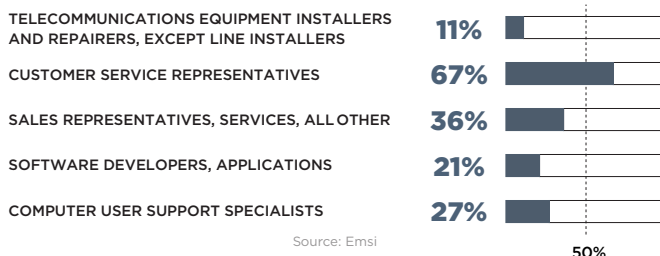
JOBS HELD BY TEXAS WOMEN IN THIS INDUSTRY

75,000

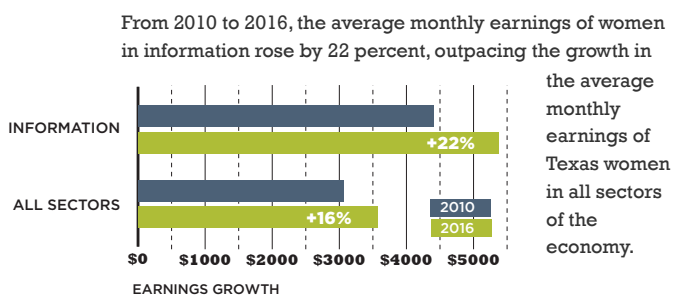
These jobs generate additional business activities that ultimately support nearly 187,000 jobs in other industries of the Texas economy.

Sources: BEA, Emsi, Texas Comptroller of Public Accounts

TOP OCCUPATIONS



AVERAGE MONTHLY EARNINGS OF WOMEN



CONCLUSION

While the demand for information has risen dramatically, technological advances have made the largely automated internet the preferred mode for its consumption. Texas women working in information generate additional business activities that ultimately support about 187,000 jobs in other industries throughout the state economy.

To see more in-depth data on women in the workforce, visit:

comptroller.texas.gov/economy/economic-data/women/

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these operating losses are more than compensated by added jobs, investment and economic activity produced by visitor spending.

According to the Governor's Economic Development and Tourism office, Texas is home to more than 90 convention centers; **Exhibit 1** shows the 10 largest. In all, these facilities have about 8 million square feet of meeting space, enough room to cover more than 138 football fields.

Yet convention space continues to grow throughout Texas and across the nation, despite at least some indications that the market is saturated — and that conventions themselves are less popular. A 2012 report by Citylab, for instance, noted that U.S. convention space had risen by 50 percent in the preceding 20 years, yet “attendance at the 200 largest conventions peaked at about 5 million in the mid-1990s,” and had declined steadily since.

LOCAL SUPPORT FOR CONVENTION CENTERS

Local governments have several economic development tools and financial incentives available for the construction and maintenance of convention center facilities. One key tool is the hotel occupancy tax (HOT).

Texas has had a *state* hotel occupancy tax since 1959, with a current rate of 6 percent of the cost of lodging. Its revenues are allocated primarily to the state's General Revenue Fund, with the remainder supporting the advertising and marketing activities of the Governor's Economic Development and Tourism office.

Texas cities first received authority to impose a similar, *local* tax in the early 1970s; counties followed in 1981. Local HOT revenue must be used to promote tourism and the hotel and convention industry. Among the specific uses allowed in law is “acquisition of sites for and the construction, improvement, enlarging, equipping, repairing, operation and maintenance of convention center facilities or visitor information centers, or both.”

In 1997, the Legislature approved an additional HOT that can be imposed by cities or counties specifically to support sports and community venue projects, including convention centers.

Convention space continues to grow throughout Texas and across the nation, despite some indications that the market is saturated.

EXHIBIT 1

LARGEST CONVENTION CENTERS IN TEXAS BY MEETING SPACE

RANK	FACILITY	CITY	SPACE (SQ. FT.)
1	KAY BAILEY HUTCHISON CONVENTION CENTER	DALLAS	1,035,945
2	GEORGE R. BROWN CONVENTION CENTER	HOUSTON	869,581
3	NRG STADIUM	HOUSTON	706,213
4	HENRY B. GONZALEZ CONVENTION CENTER	SAN ANTONIO	514,000
5	AUSTIN CONVENTION CENTER	AUSTIN	370,967
6	FORT WORTH CONVENTION CENTER	FORT WORTH	340,235
7	AMARILLO CIVIC CENTER AND AUDITORIUM	AMARILLO	300,000
8	DALLAS MARKET CENTER	DALLAS	200,000
9	MCALLEN CONVENTION CENTER	MCALLEN	174,000
10	ALAMODOME	SAN ANTONIO	160,000

Source: Texas Office of the Governor, Economic Development and Tourism



Photo courtesy of Austin Convention Center

Austin Convention Center, Austin

MUNICIPAL SUPPORT

The municipal hotel occupancy tax is the most important source of convention center funding. City HOTs generally are levied at a rate of 7 percent, although the Legislature has allowed some cities to levy the tax at up to 9 percent. In 2013, the Legislature stipulated that combined state and local hotel occupancy taxes cannot exceed 17 percent.

There is no definite count of jurisdictions levying hotel taxes. To increase transparency, however, legislation approved in 2017 now requires cities imposing a hotel tax to report to the Comptroller's office their tax rates and the amount of taxes collected the preceding

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Paying for Texas Convention Centers



Photo courtesy of Alamodome

Alamodome, San Antonio

fiscal year, as well as the amounts allocated for authorized expenditures. This information is self-reported and is not necessarily complete, but the reports do supply useful data.

According to these reports, at least 407 Texas cities levy a municipal HOT. Texas' 10 largest cities allocated at least \$182 million in HOT revenue to convention centers and visitor information services (a joint category) in 2017, accounting for nearly half of all HOT revenue reported.

Plano, Dallas and Austin devoted about two-thirds of their total HOT revenue to this purpose (**Exhibit 2**).

COUNTY SUPPORT

County HOT rates can range from 2 to 9 percent, as specifically authorized by the Legislature; at present, actual rates range from 2 to 7 percent. Counties are not required to report HOT data to the Comptroller's office, but according to the Texas Hotel and Lodging

EXHIBIT 2

MUNICIPAL HOTEL OCCUPANCY TAX RATES, TOTAL HOT REVENUE AND FUNDING FOR CONVENTION AND VISITOR INFORMATION CENTERS TEXAS' 10 LARGEST CITIES, FISCAL 2017

CITY	POPULATION	HOT RATE	TOTAL HOT REVENUE	HOT REVENUE FOR CONVENTION AND VISITOR INFORMATION CENTERS	SHARE OF HOT REVENUE USED FOR CONVENTION AND VISITOR INFORMATION CENTERS
HOUSTON	2,240,582	7%	\$82,882,029	\$27,250,358	33%
SAN ANTONIO	1,439,358	9	85,813,710	41,725,710	49
DALLAS	1,278,433	7	55,842,715	37,637,990	67
AUSTIN	907,779	7	72,428,283	46,731,211	65
FORT WORTH	815,930	9	26,910,539	9,480,451	35
EL PASO	678,058	7	10,406,384	4,454,616	43
ARLINGTON	383,899	7	8,991,541	3,672,739	41
CORPUS CHRISTI	320,050	9	15,315,213	5,375,853	35
PLANO	279,088	7	8,263,231	5,584,486	68
LAREDO	251,671	7	3,842,752	N/A	N/A
TOTAL, 10 LARGEST TEXAS CITIES	8,594,848		\$370,696,397	\$181,913,413	49%

Source: Texas Comptroller of Public Accounts

Cities and counties also can levy a separate, 2 percent hotel tax specifically to support sports and community venue projects, including convention centers.

Association, the Legislature has authorized 75 Texas counties to collect hotel occupancy taxes.

As with cities, by law every expenditure of county HOT revenue must directly enhance and promote tourism and the convention and hotel industry, and one of the specific categories of expenditure allowed is the establishment, improvement or maintenance of a convention center or visitor information center.

SPORTS AND COMMUNITY VENUE TAXES

In addition to their own HOTs, cities and counties also can levy a separate, 2 percent hotel tax specifically to support sports and community venue projects, the latter category including convention centers. The tax can be issued by a city, county or a combination of the two, as in the case of the Harris County Houston Sports Authority, a joint city-county creation that collects the venue tax for the benefit of sports facilities in the area.

This tax can support a wide range of projects, including arenas and stadiums, convention centers, museums, theaters, music halls and parks, as well as qualifying infrastructure including stores, restaurants, parking facilities, roads and water systems — anything that enhances the venue's value or appeal. Austin, for instance, has used the tax to fund the expansion of the Austin Convention Center.

In the municipal HOT reports submitted to the Comptroller's office, five cities have reported levying the venue tax (**Exhibit 3**).

EXHIBIT 3

MUNICIPALITIES REPORTING SPORTS AND COMMUNITY VENUE TAXES TO THE COMPTROLLER'S OFFICE

CITY	TAX RATE	FISCAL 2017 TAX REVENUE
AUSTIN	2%	\$20,691,135
EL PASO	2	3,008,830
IRVING	2	5,841,245
LAREDO	0.25	7,883,571
ROUND ROCK	2	1,225,568

Source: Texas Comptroller of Public Accounts

STATE TAXES SUPPORTING CONVENTION CENTERS

In 1993, the Legislature authorized the city of Houston to use certain tax revenues to repay bond debt or other obligations for hotel projects located within 1,000 feet of a convention center. The cities of Dallas, Fort Worth and San Antonio received the same authorization in 1999. This legislation acknowledged the importance of hotel rooms as an economic development tool to ensure the success and competitiveness of convention center complexes.

Under state law, hotel projects in certain municipalities can receive rebates of the state hotel occupancy tax and sales tax revenue they collect, as well as their collections of *local* hotel taxes, sales taxes, mixed beverage taxes and property taxes. To be eligible, these hotel projects must be within 1,000 feet of a convention center facility, and the hotel or its land must be owned by the city. Tax receipts from meeting spaces, restaurants and shops, convention center entertainment-related facilities, parking facilities and water and sewer systems may be eligible for the rebates as well. The hotel owners can receive these rebates for 10 years after opening.

The number of cities that can offer this array of tax rebates has increased drastically in recent years. The state amended the law to allow the state tax rebates in six more cities in 2015 and 14 more in 2017. With population and geographic growth, additional cities have qualified under limits set in these amendments, bringing the current total to 37 (**Exhibit 4**).

Of these, however, only Houston, Dallas, Fort Worth and San Antonio received state tax rebates for hotel

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EXHIBIT 4

CITIES ELIGIBLE FOR HOTEL PROJECTS BY YEAR

HOUSTON* (1993)	CORPUS CHRISTI (2011)	KEMAH (2017)
DALLAS (1999)	CARROLLTON (2015)	LAREDO*** (2017)
FORT WORTH (1999)	EL PASO (2015)	LEAGUE CITY (2017)
SAN ANTONIO (1999)	FRISCO (2015)	LEWISVILLE (2017)
AMARILLO (2009)	NACOGDOCHES (2015)	LUBBOCK (2017)
ARLINGTON (2009)	ODESSA (2015)	MIDLAND (2017)
GARLAND (2009)	ROUND ROCK (2015)	PORT ARANSAS (2017)
IRVING (2009)	TYLER (2015)	PROSPER (2017)
PASADENA (2009)	ABILENE (2017)	ROANOKE (2017)
PLANO (2009)	CEDAR HILL (2017)	ROWLETT (2017)
AUSTIN (2010)	DENTON (2017)	SUGAR LAND (2017)
GRAND PRAIRIE** (2010)	HASLET (2017)	WESTLAKE (2017)
	KATY (2017)	

* Qualified hotel project.

** Grand Prairie qualifies as a city with a population of 173,000 or more located in two or more counties, based on its 2010 population, not when the law became effective on Sept. 1, 2009.

*** Hotel and convention center project.

Source: Texas Comptroller of Public Accounts

Paying for Texas Convention Centers

EXHIBIT 5

STATE TAX ALLOCATIONS FOR CONVENTION CENTER HOTEL PROJECTS, FISCAL 2012-2017

FISCAL YEAR	SALES TAX ALLOCATIONS	HOTEL TAX ALLOCATIONS	TOTAL
2012	\$6,675,229	\$6,239,842	\$12,915,072
2013	8,119,345	7,507,409	15,626,754
2014	6,910,436	6,646,633	13,557,070
2015	5,260,059	6,824,913	12,084,972
2016	4,534,587	7,600,686	12,135,272
2017	5,863,734	9,317,930	15,181,664
TOTAL	\$37,363,390	\$44,137,413	\$81,500,803

Note: Totals may not add due to rounding.
Source: Texas Comptroller of Public Accounts

projects between fiscal 2012 and fiscal 2017; the state revenue involved totaled \$81.5 million (**Exhibit 5**).

Among the four cities receiving state sales and hotel tax rebates for hotel projects between fiscal 2012 and fiscal 2017, Dallas received the most, at more than \$28 million (**Exhibit 6**). Houston's last-place status reflects the fact that the city had no eligible projects between January 2014 and May 2017, due to the 10-year limit.

FORT WORTH'S PROJECT FINANCE ZONE

A few years ago, Fort Worth's convention center received another state tax break that, so far, is unique in Texas.

In 2013, the Legislature allowed the city to establish a "project finance zone" (PFZ) in areas surrounding the Fort Worth Convention Center and the new Dickies Arena, adjacent to the Will Rogers Memorial Center. (Dallas also is eligible to create a PFZ but has not done so yet.)

Public investment in convention centers is likely to continue, but it's important to ensure public scrutiny.

Within the PFZ, Fort Worth is allowed to collect the "incremental revenue growth" in state hotel occupancy taxes, sales taxes and mixed beverage taxes generated by hotels until 2043. This "incremental" growth is any increase in hotel-associated taxes above collections for 2013. The money can be used to pay off bonds associated with expanding the convention center and building the arena.

WORTH THE INVESTMENT?

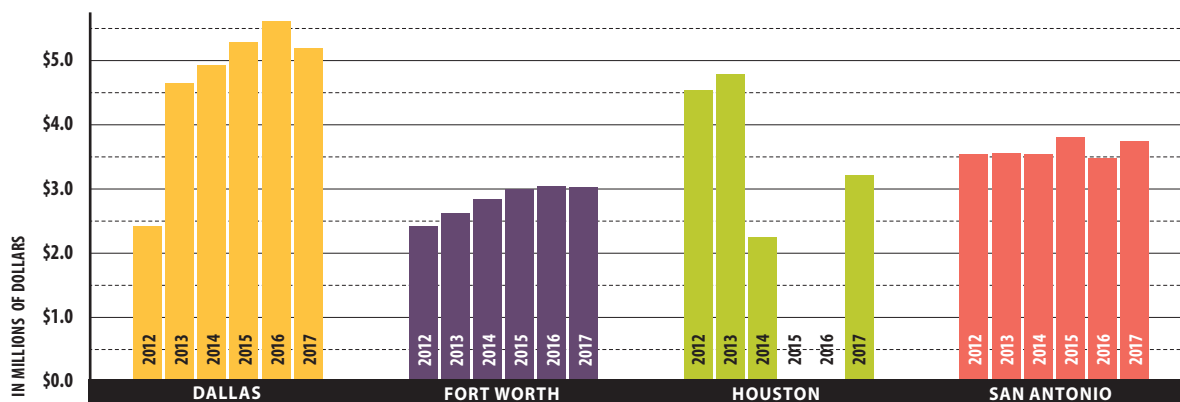
Convention center complexes remain a potent symbol of downtown development and dynamism, and local officials and business leaders are likely to continue calls for more spending to keep them competitive for state and national events. Such moves reflect a general belief that convention centers pay for themselves through higher hotel and sales tax revenue, more jobs and more private investment. Most, however, do not cover their operating costs, and competition among them has risen sharply.

Public investment in convention centers is likely to continue, but it's important to ensure public scrutiny. The Legislature's new HOT reporting requirement is a step toward ensuring that lawmakers and citizens can keep an eye on how this money is spent.

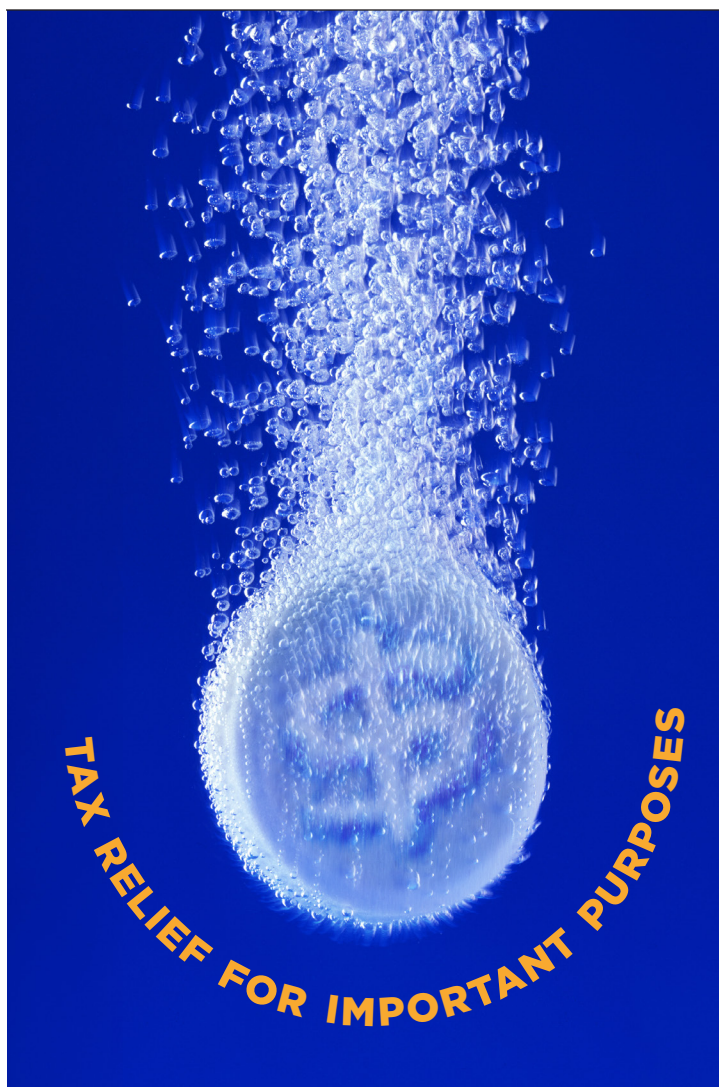
For more on municipal hotel occupancy tax reporting, visit comptroller.texas.gov/transparency/local/hotel-receipts.

EXHIBIT 6

STATE REVENUE ALLOCATIONS FOR CONVENTION CENTER HOTEL PROJECTS, FISCAL 2012-2017, BY CITY



Source: Texas Comptroller of Public Accounts



They say taxes are one of the two certain things in life, but in Texas the sales tax takes a break now and then.

Texas' sales and use tax, the largest single source of state tax revenue, gets a few days off each year. On these weekends, specific items or categories of items can be sold without state and local sales taxes.

Under state law, Texas observes four of these sales tax holidays each year, for school clothes and supplies; energy-efficient appliances; water-efficient products; and emergency preparation supplies.

The holidays are held in the spring and summer on dates set by the Legislature.

In 2018, the back-to-school holiday falls on Aug. 10 through Aug. 12.



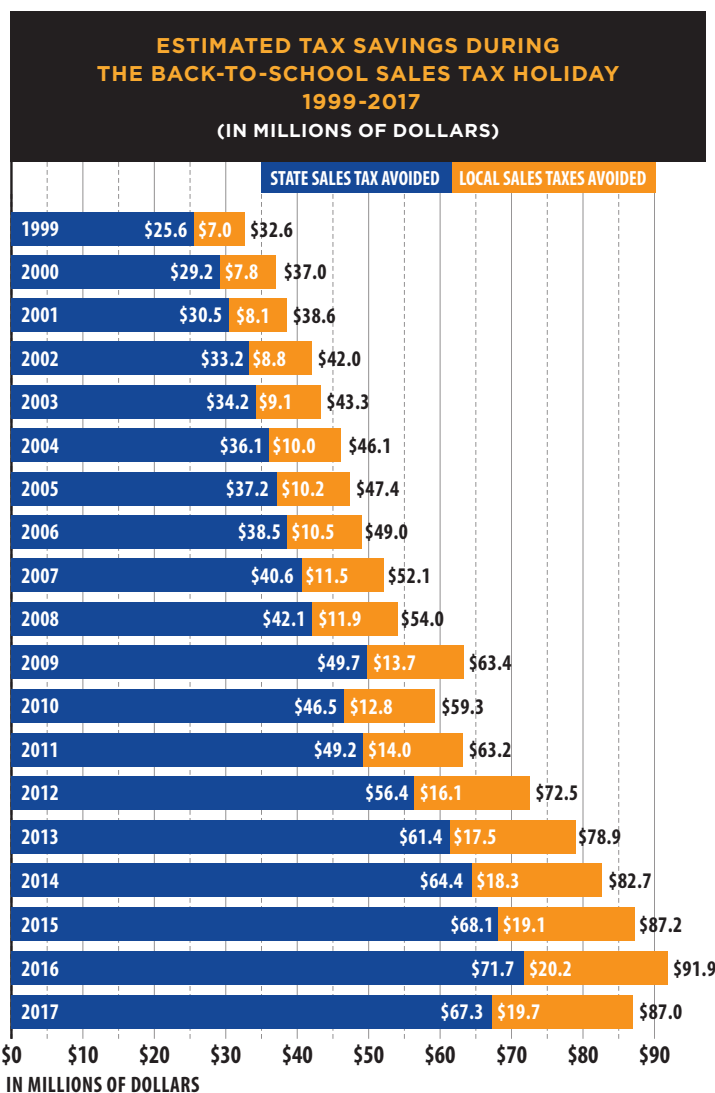
BACK TO SCHOOL

The oldest, biggest and probably best known is the "back-to-school" sales tax holiday held each August, which helps Texas families get their kids ready for the new school year by exempting most clothing, footwear, school supplies and backpacks priced at less than \$100 from sales and use taxes. The savings amount to about \$8 for every \$100 spent.

In fiscal 2017, the Comptroller's office estimated these exemptions were worth more than \$87 million in state and local tax revenue; since its inception, the tax holiday has saved consumers more than \$1.1 billion (Exhibit 1).

CONTINUED ON PAGE 8

EXHIBIT 1



The legislative rationale for the holiday is that, even in times of economic growth, many Texas families with school-aged children are struggling to get by. The tax relief goes directly to consumers and is designed to apply only to essentials for school use.

The holiday begins on the Friday preceding the 15th day before the state's uniform start date for public school classes and ends on the following Sunday at midnight. This year, it falls on Aug. 10 through 12.

Senate Bill 441 created the original "back-to-school" sales tax holiday in 1999. Then and now, it applies to individual items of non-athletic clothing and footwear costing less than \$100. Backpacks were exempted in 2007, while school supplies were added in 2009, as long as they're purchased for use by students in public or private elementary or secondary schools. The \$100 threshold applies to the added categories as well.

Consumers can buy up to 10 backpacks tax-free, including messenger bags and those with wheels, but not those on frames. Luggage, briefcases, purses, computer bags and gym bags are excluded. Specialty clothing and footwear not designed for routine use, such as athletic shoes and protective gear, aren't exempt. Also not covered are accessories, rented apparel, alterations, embroidery and cleaning.

The exemption applies to each eligible item priced below \$100, regardless of how many items are sold. For example, if a customer buys two dresses for \$70 each, both items are exempt, even though the total purchase price of \$140 exceeds \$99.99. The exemption can't be prorated, however; in other words, it can't be applied to the first \$99.99 of the price of an eligible item costing \$100 or more.

In-store, online, telephone and mail transactions are covered, as are layaway purchases. Any charges for delivery, shipping and handling billed to the purchaser are considered part of the final selling price.

For more information about transportation charges, business account purchases, rainchecks and other applicable policies, visit comptroller.texas.gov/taxes/publications/98-490.

EXEMPT OR NOT?

Detailed lists of items qualifying for the back-to-school holiday can be found at comptroller.texas.gov/taxes/publications/98-490/school-supplies.php and comptroller.texas.gov/taxes/publications/98-490/clothing-footwear.php



ENERGY CONSERVATION

The 2007 session of the Texas Legislature created a sales tax holiday for energy-efficient products, first held in May 2008. The holiday falls on each Memorial Day weekend.

This exemption was included in omnibus legislation designed to create broad-based energy efficiency and conservation incentives aligned with goals set by the Legislature when it restructured the Texas electricity market in 1999. Among the goals cited was encouraging greater use of energy-saving appliances, as part of a larger effort to reduce electricity consumption and decrease demand on the state's electric grid.

Certain energy-efficient products with the ENERGY STAR® symbol are tax exempt during the annual holiday. ENERGY STAR is a voluntary program of the U.S. Environmental Protection Agency (EPA) that helps businesses and individuals save money and protect the environment through superior energy efficiency. Products carrying the ENERGY STAR® logo have been independently certified to provide substantial energy savings.



ENERGY STAR EXEMPTIONS

The sales tax exemption applies to the following ENERGY STAR items if purchased, rented or leased during the holiday:

- air conditioners priced at \$6,000 or less
- incandescent and fluorescent light bulbs
- refrigerators priced at \$2,000 or less
- clothes washers
- ceiling fans
- dishwashers
- dehumidifiers

Items that **DO NOT** qualify for the exemption, even if ENERGY STAR-certified, include:

- water heaters
- heat pumps
- clothes dryers
- wine refrigerators
- freezers
- kegerators
- stoves
- beverage chillers
- attic fans

Source: Texas Comptroller of Public Accounts

The Energy and Water Conservation holidays fall on each Memorial Day weekend.

In all, the ENERGY STAR tax holiday saved shoppers an estimated \$4.7 million in fiscal 2017, and nearly \$36 million since the holiday's inception (**Exhibit 2**).

There's no limit on the number of qualifying items that may be purchased, and customers do not have to provide sellers with an exemption certificate. Additional charges can affect the sales price. To understand their impact, as well as how the exemption applies to contractors and taxable service providers, visit comptroller.texas.gov/taxes/publications/96-1331.php.

EXHIBIT 2

ESTIMATED TAX SAVINGS DURING THE ENERGY STAR SALES TAX HOLIDAY 2008-2017 (IN MILLIONS OF DOLLARS)

YEAR	STATE SALES TAX AVOIDED	LOCAL SALES TAXES AVOIDED	TOTAL SALES TAXES AVOIDED
2008	\$2.3	\$0.7	\$3.0
2009	2.3	0.6	2.9
2010	2.4	0.7	3.1
2011	2.6	0.7	3.3
2012	2.7	0.8	3.5
2013	2.9	0.8	3.7
2014	3.0	0.9	3.9
2015	3.0	0.8	3.8
2016	3.1	0.9	4.0
2017	3.6	1.1	4.7
TOTAL	\$27.9	\$8.0	\$35.9

Source: Texas Comptroller of Public Accounts



WATER CONSERVATION

In 2015, the Legislature added another sales tax holiday for water-conserving products, to run concurrently with the energy conservation holiday on each Memorial Day weekend.

This legislation eliminates state and local sales taxes on certified water-saving products purchased during the last weekend in May. As with the energy efficiency holiday, there's no limit on the number of qualifying

items that may be purchased without sales taxes. The exemption was valued at \$5.9 million in fiscal 2017 and saved taxpayers about \$11.6 million in its first two years (2016 and 2017).

During the holiday period, any product displaying a WaterSense® label or logo is tax exempt. WaterSense is another EPA-run program that labels products and services certified to save energy, use at least 20 percent less water than comparable products and perform as well as or better than average offerings in their categories. The exemption applies to WaterSense products purchased either for personal or business purposes.



Certain other water-conserving products are tax-free during the holiday. Unlike WaterSense-labeled items, however, these products are exempt only when purchased for use on residential property.

Special considerations for contractors, landscapers and other service providers apply during the holiday. To learn more, visit comptroller.texas.gov/taxes/publications/98-1018.php.

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The exemption applies to WaterSense products purchased either for personal or business purposes.

SAVING WATER AND MONEY

In addition to WaterSense-labeled products, items exempted from sales tax include those used or planted for conserving or retaining groundwater, recharging water tables or decreasing ambient air temperature, thereby limiting water evaporation, including:

- soaker or drip-irrigation hoses
- moisture controls for sprinklers or irrigation systems
- mulch
- plants, trees and grasses
- water-saving surfactants
- soil and compost
- rain barrels or alternative rain and moisture collection systems
- permeable ground cover surfaces that allow water to reach underground basins, aquifers or water collection points

Non-exempt items include construction materials, sprinklers and awnings and other shade-creating items.

Source: Texas Comptroller of Public Accounts



EMERGENCY PREPARATION

Texans are no strangers to natural disasters, of course, as the recent floods of Hurricane Harvey reminded us. In 2015, the Legislature added a sales tax holiday for emergency preparation supplies, the first occurring in April 2016. The program is designed to encourage Texas consumers to reinforce their properties and prepare for upcoming storm seasons. In addition, retailer participation during the weekend raises public awareness about the importance of preparation for weather-related events and potential emergencies.

Certain emergency preparation supplies are available for purchase tax-free starting on the Saturday before the last Monday in April and ending at midnight on that Monday. This year, the holiday occurred April 28-30.

GETTING READY FOR THE WORST

Under-\$75 items eligible for the emergency preparation sales tax holiday include:

- axes
- batteries, single or multi-pack (other than vehicle batteries)
- can openers (non-electric)
- candles, flashlights and lanterns
- carbon monoxide detectors
- coolers and ice chests for food storage (non-electric)
- fire extinguishers
- first aid kits
- fuel containers
- ground anchor systems and tie-down kits
- hatchets
- ice products, reusable and artificial
- mobile telephone batteries and chargers
- portable, self-powered radios, including two-way and weather band
- smoke detectors
- tarps and plastic sheeting

Source: Texas Comptroller of Public Accounts

The Emergency Preparation holiday begins on the Saturday before the last Monday in April and ends at midnight on that Monday.

The exemption applies to items including portable generators priced at less than \$3,000; hurricane shutters and rescue ladders priced at less than \$300; and numerous other items priced less than \$75, including portable light sources, batteries, fire extinguishers, waterproof sheeting and hatchets, among others.

Some general camping equipment supplies, such as tents and camp stoves, are not exempt on the holiday; neither are items such as chainsaws, ladders and plywood sheets.

There's no limit on the number of eligible items customers may purchase, and no certificate required to claim the exemption. Delivery, shipping, handling and transportation charges are considered part of the sales price.

The exemption saved taxpayers an estimated \$1.6 million in fiscal 2016 and again in 2017. For more information on the emergency preparation sales tax holiday, visit comptroller.texas.gov/taxes/publications/98-1017.php.

In all, Texas' sales tax holidays have saved consumers nearly \$1.2 billion in state and local sales taxes. It's a hefty sum, but Texas legislators have judged it a worthwhile investment for public convenience, public safety and environmental protection.

Want to know more about where your tax dollars go? Visit the Comptroller's transparency pages at comptroller.texas.gov/transparency.

State Revenue Watch

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.

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	JUNE 2018	YEAR TO DATE: TOTAL	YEAR TO DATE: CHANGE FROM PREVIOUS YEAR
SALES TAX	\$2,769,213	\$26,323,695	10.34%
PERCENT CHANGE FROM JUNE 2017	13.74%		
MOTOR VEHICLE SALES AND RENTAL TAXES	433,036	4,049,417	8.59%
PERCENT CHANGE FROM JUNE 2017	4.47%		
MOTOR FUEL TAXES	325,404	3,052,553	2.78%
PERCENT CHANGE FROM JUNE 2017	4.16%		
FRANCHISE TAX	50,071	3,514,928	13.09%
PERCENT CHANGE FROM JUNE 2017	-1,184.08%		
OIL PRODUCTION TAX	338,157	2,720,424	55.34%
PERCENT CHANGE FROM JUNE 2017	73.94%		
INSURANCE TAXES	28,416	1,518,798	5.35%
PERCENT CHANGE FROM JUNE 2017	8.96%		
CIGARETTE AND TOBACCO TAXES	114,812	1,064,107	-10.15%
PERCENT CHANGE FROM JUNE 2017	-12.55%		
NATURAL GAS PRODUCTION TAX	118,319	1,188,494	45.72%
PERCENT CHANGE FROM JUNE 2017	56.84%		
ALCOHOLIC BEVERAGES TAXES	116,452	1,070,797	5.93%
PERCENT CHANGE FROM JUNE 2017	8.10%		
HOTEL OCCUPANCY TAX	52,904	490,328	13.84%
PERCENT CHANGE FROM JUNE 2017	8.88%		
UTILITY TAXES¹	3,254	308,251	3.23%
PERCENT CHANGE FROM JUNE 2017	663.05%		
OTHER TAXES²	20,333	259,989	56.67%
PERCENT CHANGE FROM JUNE 2017	84.94%		
TOTAL TAX COLLECTIONS	\$4,370,372	\$45,561,781	11.77%
PERCENT CHANGE FROM JUNE 2017	16.48%		
Revenue By Source	JUNE 2018	YEAR TO DATE: TOTAL	YEAR TO DATE: CHANGE FROM PREVIOUS YEAR
TOTAL TAX COLLECTIONS	\$4,370,372	\$45,561,781	11.77%
PERCENT CHANGE FROM JUNE 2017	16.48%		
FEDERAL INCOME	3,714,655	33,613,257	3.79%
PERCENT CHANGE FROM JUNE 2017	6.15%		
LICENSES, FEES, FINES AND PENALTIES	420,123	5,260,845	1.65%
PERCENT CHANGE FROM JUNE 2017	-4.39%		
STATE HEALTH SERVICE FEES AND REBATES³	1,097,238	6,694,460	15.41%
PERCENT CHANGE FROM JUNE 2017	64.63%		
NET LOTTERY PROCEEDS⁴	164,046	1,840,019	12.23%
PERCENT CHANGE FROM JUNE 2017	-18.70%		
LAND INCOME	184,761	1,656,133	18.80%
PERCENT CHANGE FROM JUNE 2017	30.39%		
INTEREST AND INVESTMENT INCOME	376,584	1,595,659	22.63%
PERCENT CHANGE FROM JUNE 2017	18.57%		
SETTLEMENTS OF CLAIMS	2,582	498,840	-4.17%
PERCENT CHANGE FROM JUNE 2017	-18.70%		
ESCHEATED ESTATES	255,941	379,703	-49.83%
PERCENT CHANGE FROM JUNE 2017	-2.24%		
SALES OF GOODS AND SERVICES	22,123	234,115	-8.42%
PERCENT CHANGE FROM JUNE 2017	-14.23%		
OTHER REVENUE	412,710	2,507,572	9.85%
PERCENT CHANGE FROM JUNE 2017	23.12%		
TOTAL NET REVENUE	11,021,137	\$99,842,384	8.20%
PERCENT CHANGE FROM JUNE 2017	14.28%		

¹ Includes public utility gross receipts assessment, gas, electric and water utility tax and gas utility pipeline tax.

² 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.

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

⁴ 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.



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