

To the Mayor and Members of the City Council

April 10, 2020

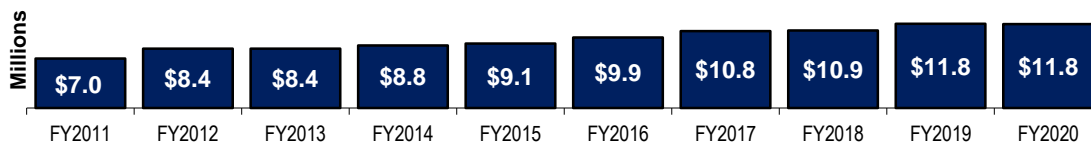
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SUBJECT: FEBRUARY 2020 – SALES TAX UPDATE

Sales tax revenue represents approximately twenty-two percent (22.4%) of the City’s General Fund anticipated revenue in Fiscal Year 2020. 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. The Texas Comptroller’s Office posted February 2020 (Fiscal Year 2020, Period 5) collection results on April 8th, 2020. 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. Legislation has currently reformed how sales tax is remitted to the state comptroller. This activity is closely monitored and will be reported on if significant impact is expected. COVID-19 activity is also being closely monitored for impact to Sales Tax Collections.

FEBRUARY NET SALES TAX COLLECTIONS (10-YEAR HISTORY)



The City’s net sales tax collection is down **\$27,750** or **0.2%**, compared to the same month last year. As depicted in the table below, the City experienced **\$67,059** or a **0.6%** increase in current period collections when compared to last year’s collections for the same month. Last year’s current period collections realized growth of **9.6%**. Current period collections include transactions that were collected for the current period on schedule within the due date. February current collections performed well, but net collections realized an overall reduction due to adjustments made for administrative charges and audit adjustment as seen below.

COLLECTION DETAIL FOR CITY SALES TAX

	February 19	February 20	Variance (\$)	Variance (%)
Current Period Collections	\$11,611,417	\$11,678,476	\$67,059	0.6%
Other Collections*	438,545	350,306	(88,239)	(20.1%)
Audit Adjustments	26,196	(6,650)	(32,845)	(125.4%)
Service Fee	(241,523)	(240,443)	1,081	0.4%
Retainage	3,920	29,115	25,195	642.8%
Net Collections	\$11,838,554	\$11,810,804	(\$27,750)	(0.2%)

*OTHER COLLECTIONS ARE PAYMENTS ATTRIBUTED TO NON-CURRENT COLLECTIONS INCLUDING PRIOR PERIOD, FUTURE PERIOD, UNIDENTIFIED, AND SINGLE LOCAL RATE COLLECTIONS. (AUDIT ADJUSTMENTS MAY FLUCTUATE BASED UPON RESULTS OF TAXPAYER SALES TAX AUDITS CONDUCTED BY THE STATE OF TEXAS.)

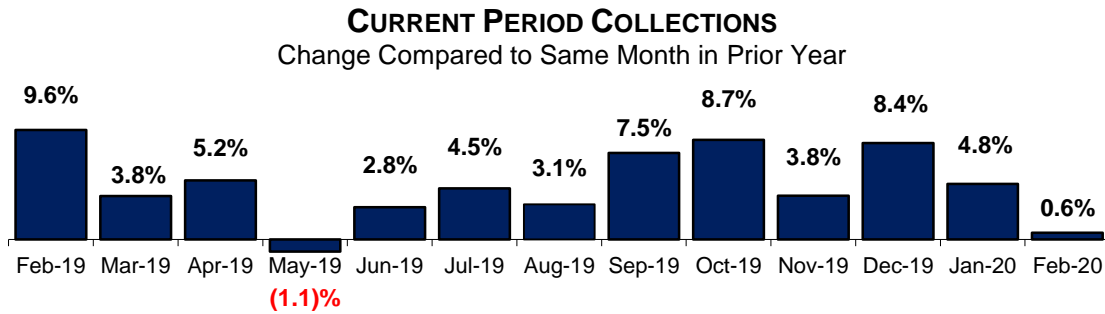
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The City’s General Fund net sales tax collections through February are 100.9% to budget, and at 104.9% for the same period last year. The City’s Crime Control and Prevention District Fund (CCPD) sales tax collections through February are 102.4% to budget, and 105.1% for the same period last year.

CITY OF FORT WORTH YTD NET COLLECTIONS COMPARISON

CITY OF FORT WORTH	Budget as of February	Current Receipts Through February	FY2019 Receipts Through February
GENERAL FUND	\$69,426,409	\$70,018,394	\$66,725,005
CRIME CONTROL AND PREVENTION DISTRICT	32,686,057	33,473,538	31,848,527
TOTAL	\$102,112,466	\$103,491,932	\$98,573,532

CITY OF FORT WORTH BUDGET COMPARISON – FY2020

CITY OF FORT WORTH	Adopted Budget	Amended Budget	Fiscal Year Projections	Projected Variance to Amended	
				(\$)	(%)
GENERAL FUND	\$172,769,615	\$172,769,615	\$145,237,839	(\$27,531,776)	-15.9%
CRIME CONTROL & PREVENTION DISTRICT	\$81,340,193	\$81,340,193	\$69,146,434	(\$12,193,759)	-15.0%

The City originally anticipated collecting **\$172,769,615** in the General Fund by fiscal year end per the FY2020 adopted budget. The effects of the COVID-19 pandemic are yet to be fully understood, and are being monitored closely. The current General Fund impact for Sales Tax is estimated to be a reduction of approximately \$27.5M, or 15.9%, as shown in the table above. Very early estimates for February receipts were \$1.6M higher than actual performance recently posted by the State. This has slightly altered our fiscal projections. Staff will continue to provide updates for the most current economic outlook due to its fluid nature, to allow for strategic planning to mitigate total impact to the City.

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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 FY2019 collections for the same period.

**CITIES COMPARISON – NET COLLECTIONS
FY2020 vs. FY2019**

City	1st Quarter	January	February	YTD
MCKINNEY	113.8%	111.6%	128.2%	116.0%
GRAND PRAIRIE	109.9%	112.1%	107.8%	109.9%
FRISCO	107.6%	115.3%	104.9%	108.5%
GARLAND	105.6%	107.9%	103.4%	105.6%
AUSTIN	109.3%	108.2%	103.2%	107.9%
DALLAS	109.8%	110.3%	101.7%	108.5%
EL PASO	113.4%	114.7%	101.1%	111.4%
FORT WORTH	104.9%	110.0%	99.8%	104.9%
ARLINGTON	105.7%	103.7%	99.4%	104.2%
HOUSTON	105.8%	108.6%	99.3%	105.2%
SAN ANTONIO	104.2%	105.3%	95.7%	102.8%
IRVING	107.3%	109.1%	95.0%	105.2%
PLANO	100.1%	120.2%	92.4%	102.1%
STATE TOTAL	106.0%	108.9%	103.5%	106.1%

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

If you have any questions, please call Terry Hanson, Assistant Director of Planning and Data Analytics, at 817-392-7934.

David Cooke
City Manager