



FEBRUARY 2017

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“Dark Store Theory” and Property Taxation

By Joyce Jauer,
Olga Garza and Bruce Wright

Even in a state as vibrant as Texas, we’ve all seen shuttered stores and failed shopping centers. It’s an inevitable byproduct of the daily tug-of-war of economic competition.

Texas communities depend on the property taxes generated by retail businesses. But should open, operating stores be taxed in the same way as closed ones?

That’s a basic question behind a thorny legal battle going on right now across the nation, a debate with the slightly sinister-sounding name *dark store theory*. And while that’s a great name for a band, it could cost Texas communities substantial amounts of tax revenue; Bexar County, for instance, has said its schools could lose hundreds of millions of dollars if dark store theory becomes accepted.

BIG, DARK BOXES

Dark store theory primarily concerns the property taxation of big-box stores, behemoth department stores, hardware sellers and other outlets often running to 50,000 square feet or more.

The dark store theory of property valuation, championed aggressively by many big-box retailers, suggests that commercial properties should be

Dark store proponents often ask that the value of their property be reduced by more than half.

appraised and valued the same whether they’re operating or shuttered. They favor appraising all big-box properties as if they were vacant or “dark” to calculate property value, arguing these locations will be difficult to sell because they have little appeal to subsequent buyers. In essence, they’re asking that these properties be appraised according to what the *next* buyer is likely to pay.

Appraisal districts, by contrast, appraise such buildings according to their “highest and best use,” which in practice means appraising them as operating locations.

The difference between these perspectives, as you might imagine, can be significant. Dark store proponents often ask that the value of their property be reduced by more than half, in one instance from \$82 to \$20 per square foot.

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A Message from the Comptroller

One of the most significant changes in retail sales during the last few decades was the rise of “big-box” stores, the enormous general and specialty centers built to achieve economies of scale through high sales volumes. Big-box chains have reshaped the commercial landscape, providing lower prices for consumers while placing intense pressure on their smaller competitors.



In Texas and throughout the U.S., these big boxes open and close regularly in response to local and national economic conditions as well as the opportunities and challenges presented by their individual locations. And recently, big-box retailers have mounted a legal argument concerning property taxation that represents a real threat to local government budgets.

Big-box stores typically are built to suit the original owner’s business, often with deed restrictions limiting their subsequent use. When they close, they may sit empty for extended periods. Proponents of the so-called *dark store theory* maintain that, whether they’re open or closed, these stores should all be appraised and taxed the same — as if they were *all* vacant or “dark.” Arguing that the buildings have relatively little value if closed, they want their property taxes to be based on what the *next* buyer is likely to pay for them, rather than on the usual basis — their current value as operating locations.

Texas jurisdictions are facing an increasing number of protests and lawsuits based on dark store theory. In this issue, we examine the complex arguments involved, and their real-world consequences for local taxpayers.

We also take a look at Texas’ *ports of entry* — the seaports, airports and border crossings that facilitate our state’s burgeoning trade with other nations. Texas is a national leader in foreign trade, and it all passes through our ports of entry. Recently, I toured some of these ports to discuss a study my office prepared to pinpoint their economic contributions. We found that Texas ports of entry support nearly 1.6 million Texas jobs and add hundreds of billions of dollars to the state economy each year.

As always, I hope you enjoy this issue!

GLENN HEGAR

Texas Comptroller of Public Accounts

PORT OF ENTRY
PORT OF HOUSTON

Texas’ location and diverse economy offer unique trade opportunities and make it a critical gateway to global business. Our state boasts **29 OFFICIAL PORTS** of entry that facilitated nearly **\$650 BILLION** in trade in 2015, trade that supports an estimated **1.6 MILLION TEXAS JOBS** and adds **\$224.3 BILLION** to our gross state product annually. Our ports of entry benefit every part of our state. By highlighting them, we hope to emphasize their importance to a strong, diverse and growing Texas economy.

Glenn Hegar
Texas Comptroller of Public Accounts

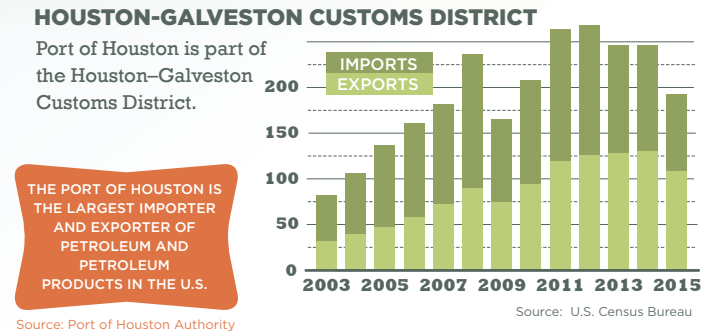
The Port of Houston is the largest of the 10 seaports along Texas’ 367-mile Gulf of Mexico coastline. The Houston Ship Channel was officially opened in 1914, and today this 52-mile-long waterway is the busiest in the U.S.

The port offers:

- 25-mile-long complex of diversified public and private facilities
- shipping channel 45 feet deep and 530 feet wide
- access to three Class 1 railroads: BNSF, Union Pacific, TexMex/Kansas City Southern

Barbour's Cut and Bayport container terminals

ROOM TO GROW
Between 2012 and 2016, the Port of Houston and the surrounding industries it supports received an estimated \$35 billion in private investment. Magellan Midstream plans to construct a \$335 million marine terminal, while the Port of Houston Authority has committed \$1.6 billion to expand container terminals and deepen their channels.



THE PORT OF HOUSTON IS THE LARGEST IMPORTER AND EXPORTER OF PETROLEUM AND PETROLEUM PRODUCTS IN THE U.S.

PORT OF HOUSTON:

IMPORTS: OIL, Machinery, STEEL

EXPORTS: FUELS, Machinery, Chemicals, PLASTICS

BY THE NUMBERS

Port of Houston’s contributions to the Texas economy are estimated to include:

TOTAL TRADE (2015) **\$137 BILLION**

DIRECT AND INDIRECT EMPLOYMENT **509,000**

GSP **\$73 BILLION**

HOUSTON IS ONE OF 29 OFFICIAL TEXAS PORTS OF ENTRY.
To see a complete list, plus more in-depth regional data, visit: COMPTROLLER.TEXAS.GOV/ECONOMY/ECONOMIC-DATA/
If you would like to receive paper copies of *Fiscal Notes*, contact us at fiscal.notes@cpa.texas.gov

Big-box retailers have pushed dark store theory most vigorously, but the practice has spread to other commercial property types as a way to seek tax reductions. In Wisconsin, U.S. Bank used dark-store arguments in an appraisal protest, while CVS has employed the theory in Michigan.

In Texas, the main proponent of the theory has been Lowe’s Home Improvement, which has 141 stores in the state.

THE STAKES

Local governments use property tax revenues to finance community services such as fire and police, schools, parks, libraries, utilities, community colleges and road maintenance. Lower commercial property values could reduce funding for these services — or shift more of the burden to homeowners.

In Michigan, where the dark store appraisal approach has been applied widely, local taxing units have lost about \$100 million in revenue, putting a financial strain on cities, counties and schools. Local governments there have been forced to cut funding for road maintenance and repair, employee benefits, libraries and other purposes due in part to successful tax appeals based on dark store theory.

Some worry the same could happen in Texas. Bexar County’s appraisal district estimates the county’s schools alone could lose \$850 million in property tax revenue for the 2015 and 2016 tax years should proponents of the theory be successful.

“The impact of this is huge,” says Karen Evertson, an attorney who often represents the Bexar Appraisal District in court, “especially because Texas doesn’t have a state income tax. A reduction in local property tax revenue hits Texas harder than other states.” The potential impact is particularly serious for our public schools, which rely on property taxes for nearly half their funding.

DARK STORE THEORY IN TEXAS

The rise of dark store theory began after the Great Recession, when stores were “going dark” in many parts of America. The Texas real estate market was largely insulated from the effects of the recession, and didn’t see as much market volatility as many other areas. Even so, protests based on dark store theory have spread to Texas.

Dallas, Harris and Williamson counties have settled such protests via compromise on appraisal value, without accepting the theory. The Bexar Appraisal District recently completed a non-binding arbitration with Lowe’s. In a Jan. 10 decision, a three-member panel upheld the county’s existing methodology and

appraisals. Lowe’s could continue the dispute in court, however, as litigation remains open for its 10 stores in Bexar County for tax years 2014 through 2016.

And of course, arbitrations and lawsuits in themselves can be costly for both sides. Bexar County estimates it has already spent at least \$300,000 on the Lowe’s tax protest.

Lowe’s also sued Harris County, but in October 2016 approached the county to settle. Harris County Chief Appraiser Roland Altinger attributes the settlement’s timing to the company’s desire to avoid a similar but greater legal struggle in Harris County.

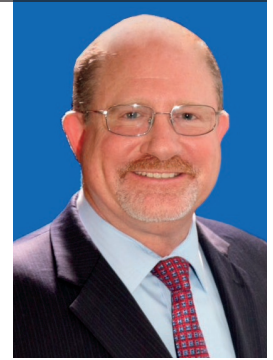
“They approached us to settle after Bexar County finished its arbitration process [with Lowe’s],” says Altinger. “They knew the battle they were fighting in Bexar County was about to be replicated in Harris County, which has three times the number of stores.”

“COMPARABLES,” AND WHY THEY MATTER

Property tax appraisal methods for commercial properties usually rely on “comparables” — the sale value of similarly situated properties — to determine a property’s market value to a hypothetical buyer. Texas Property Tax Code Section 23.01(a) requires all taxable property in Texas to be appraised at its market value as of Jan. 1 of each year.

Evertson points out that the Property Tax Code requires determinations of appropriate comparable sales to include the property’s condition, occupancy and any legal burdens. For her, considering vacant

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Roland Altinger
Chief Appraiser,
Harris County
Appraisal District



Closing a big-box store leaves behind a building that may sit empty for months or even years.

properties as comparables for a property that *isn't* vacant is akin to using a ghost town as a “comp” for a vibrant city block.

Bexar County Chief Appraiser Michael Amezquita also believes dark store theory is inappropriate precisely due to the use of comparables, because it begins with the assumption that stores should all be appraised as if they were closed.

“It turns all appraisal theory on its head,” he says. “The first step in any appraisal assignment is to determine the highest and best use of a property. The highest and best use of these properties is usually continued use as a big-box retailer. It’s *never* appropriate to pretend one could only look to sales of failed, vacant stores for comparables.”

Brent South, chief appraiser of the Hunt County Appraisal District, agrees. “Real estate is location, location, location,” South says. “If [stores] have gone dark, there’s a reason — they’re in a bad location, an older part of town, a part of town with less economic

activity. Why would you compare [those to] something in an affluent part of town? We *have* to make location adjustments.”

And Chris Connelly, deputy chief appraiser of the Williamson Central Appraisal District, notes that dark store theory would be particularly difficult to apply in fast-growing areas such as urban Central Texas.

“As areas change, there’s blight, but we don’t have that,” Connelly says. “We’re a thriving and growing area and don’t *have* dark stores. To take a Kohl’s or Lowe’s in the center of our jurisdiction and *not* use nearby property sales [for comparison] — that goes against the main building blocks of appraisal.”

ON THE OTHER HAND...

Major retail chains open and close purpose-built stores regularly in response to local economic conditions. Closing a big-box store leaves behind a building that may sit empty for months or even years, waiting for another retailer with enough volume to fill it.

Furthermore, big-box chains generally refuse to sell or lease closed locations to their rivals, answering a question that may occur to those driving by: *Why did they build that new Lowe’s a quarter-mile away from a Home Depot that’s been sitting empty for six months?* This business decision reduces the number of potential buyers in the market.





Mark Hutcheson
Managing Partner,
Popp Hutcheson PLLC

Mark Hutcheson, an attorney who has represented taxpayers in property tax appeals, says conventional appraisal methods ignore the fact that “there’s an important distinction between *market value* and *value in use*. Market value represents the price a buyer would pay for the property under prevailing market conditions. That price is often different than the value of the property to the existing owner.”

To illustrate this point, Hutcheson uses the example of a house with a living room converted into a racquetball court. “The owners of the house spent \$50,000 to build the court because they love to play racquetball,” he says. “When they attempt to sell the house, however, they find that potential buyers don’t want the court and in fact lower their offers to cover the cost of converting the feature back into a living room.

“While the court is a valuable addition to the existing owners, it’s actually a detriment to the market value of the house to potential buyers,” he says.

Hutcheson says it’s the same with big-box retail stores. These types of properties may have a value in use to the existing owners, but a very *different* value to potential buyers.

“Like the racquetball court, there’s simply not much market demand for existing large, single-occupancy retail buildings,” he says. “Most of the national retailers who typically occupy these properties construct new buildings on their own sites, rather than purchase existing structures that must be retrofitted to meet their needs.”

He argues, then, that the market value of big-box properties should be based on the price potential buyers would actually pay for them in the open market.

VALUING RENTED PROPERTY

Another wrinkle in the dark store debate concerns the fact that many big-box chains sell the stores they build to investors and lease them back as tenants. The value of the rent involved in these kind of sales, called sale-leaseback transactions, is considered in appraisals of all kinds of commercial properties.

Dark store proponents argue the rent charged to store operators — the “leased-fee value” — shouldn’t be used in appraisals, and that appraisers should value the building and land only.

Opponents, however, argue that Texas law presumes that a property’s “highest and best use” is its current use, including any rents it generates. When determining the market value of operating big-box stores, therefore, appraisers *should* consider the value of rent, choosing

Appraisal districts want to value the property at its *current* highest and best use, while property owners want the valuation based on sales of vacant properties.

comparables that also generate rent and making appropriate adjustments as needed.

At this writing, the law seems to support this approach. The panel in the Bexar Appraisal District arbitration supported the district’s inclusion of leasehold interests in selecting comparable sales for its appraisals.

WHAT’S NEXT?

Dark store theory is a complex and contentious topic, with many facets beyond the scope of this article. At its most basic level, however, it seems to revolve around a fairly straightforward question: What comparables should be used to value an operating commercial property?

Appraisal districts want to value the property at its *current* highest and best use, while property owners want the valuation based on sales of vacant properties — the highest and best use for the *next* occupant, which may have an entirely different sort of business.

Dark store theory undoubtedly will be debated in the 2017 legislative session, which will consider many aspects of Texas’ local property taxes. The implications for local governments could be massive. **FN**

For a recent documentary about the application of dark store theory in Michigan, visit boxedin.news.



Texas Ports: Gateways to World Commerce

By Bruce Wright

COMPTROLLER STUDY HIGHLIGHTS ECONOMIC IMPACTS



An old truism says “geography is destiny,” and it certainly applies to Texas’ importance as a center for international trade.

Our central position in the continent’s road and rail grid, numerous seaports and a long border with Mexico all have helped Texas become a hub for international trade, and the nation’s top exporting state for 14 consecutive years.

And all this trade moves through one or more of Texas’ 29 official “ports of entry” — seaports, airports, border crossings and multi-modal facilities that offer train, air and roadway links to the state and nation (**Exhibit 1**).

Texas Comptroller Glenn Hegar recently completed a six-city tour of Texas ports of entry to highlight a new agency study that quantifies the economic benefits our state derives from these facilities. The Comptroller’s office estimates that nearly \$650 billion in trade facilitated by Texas ports in 2015 directly or indirectly supported nearly 1.6 million Texas jobs and added \$224.3 billion to our gross state product, or GSP (**Exhibit 2**).

“Texas ports of entry are absolutely essential to our economy,” Hegar says. “Every part of our state relies on them, from our largest cities to our smallest towns. They support agricultural production, manufacturing, the energy business and more. No matter where you are in Texas, you can see the benefits of foreign trade.”

In this article, we’ll examine several of our ports of entry in detail.

LAREDO PORT OF ENTRY

Laredo’s five border crossings, including four vehicular bridges and one rail bridge, together represent the most economically important of 11 ports of entry along Texas’ 1,254-mile-long border with Mexico, America’s second-largest trading partner after China.

Laredo has been a commercial doorway to Mexico for decades, but its importance increased greatly after the 1992 signing of the North American Free Trade Agreement (NAFTA). In 2015, Laredo accounted for about \$205 billion or 32.5 percent of all international trade in Texas.

EXHIBIT 1

TEXAS PORTS OF ENTRY

ACCORDING TO THE TEXAS OFFICE OF THE GOVERNOR, TEXAS HAS 29 OFFICIAL PORTS OF ENTRY:



Source: Texas Office of the Governor

LAREDO'S WORLD TRADE BRIDGE IS USED BY MORE THAN 12,000 COMMERCIAL VEHICLES DAILY.

Source: Texas Center for Border Economic and Enterprise Development

In that year, about 3,600 trains and 2 million trucks entered the U.S. through Laredo. Major trade activity at the port includes the movement of automotive parts, motor vehicles and petroleum products as well as associated warehousing and logistics facilities.

In addition to commercial trade, Laredo benefits greatly from other activities associated with the border crossing, including cross-border shopping that supports local merchants. One estimate has attributed about \$2 billion in annual Border-area retail sales to Mexican nationals visiting the U.S. to shop, about 39 percent of it in Laredo.

The Comptroller's office estimates that activities associated with the Laredo port of entry contribute 363,000 net jobs and at least \$52 billion in GSP to the Texas economy.

PORT FREEPORT

The port of Freeport, originally established in 1925, is the only deep-water port on the U.S. Gulf Coast presently prepared to receive the large container ships now beginning to visit the Gulf due to the recent expansion of the Panama Canal. To further accommodate these ships, the port has embarked on a \$30 million dredging project to widen its main channel and has received federal approval to deepen its harbor.

Port Freeport includes 18 docks, 554,000 square feet of warehouse space and 38,600 square feet of cold storage facilities, and offers access to a Union Pacific rail line. The port is covered by a federally designated Foreign Trade Zone (FTZ) whose tenants employ about 2,600 workers.

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OF ALL TEXAS PORTS, FREEPORT IS POISED TO BENEFIT MOST FROM BIGGER SHIPS TRAVERSING THE PANAMA CANAL DUE TO ITS POTENTIAL CHANNEL DEPTH.

Source: Port Freeport

EXHIBIT 2

ECONOMIC CONTRIBUTIONS OF INTERNATIONAL TRADE THROUGH SELECTED TEXAS PORTS OF ENTRY, 2015

PORT OF ENTRY	TEXAS JOBS SUPPORTED BY TRADE AT PORT	TRADE CONTRIBUTION TO GROSS STATE PRODUCT, 2015
PORT OF BEAUMONT	30,700	\$4,389,582,000
PORT OF CORPUS CHRISTI	63,100	9,014,093,000
DALLAS-FORT WORTH INTERNATIONAL AIRPORT	135,500	19,363,245,000
EL PASO	128,500	18,368,296,000
PORT OF FREEPORT	25,800	3,689,417,000
PORT OF GALVESTON	20,400	2,909,234,000
HIDALGO	53,300	7,621,802,000
PORT OF HOUSTON	509,200	72,789,788,000
HOUSTON GEORGE BUSH INTERCONTINENTAL AIRPORT	37,800	5,409,516,000
LAREDO	363,700	51,998,826,000
PORT OF PORT ARTHUR	67,800	9,698,158,000
OTHER TEXAS PORTS OF ENTRY	133,300	19,060,000,000
TOTAL	1,569,100	\$224,312,000,000

ECONOMIC CONTRIBUTIONS OF OPERATIONS AT INTERMODAL LOGISTICS FACILITIES

PORT OF ENTRY	TEXAS JOBS SUPPORTED BY PORT OPERATIONS	CONTRIBUTION TO GROSS STATE PRODUCT, 2015
PORT SAN ANTONIO	27,000	\$2,988,882,000
FORT WORTH ALLIANCE GLOBAL LOGISTICS HUB	67,000	6,427,430,000

Source: Texas Comptroller of Public Accounts



WHAT'S A FOREIGN TRADE ZONE?

Under federal law, Foreign Trade Zones (FTZs) enjoy certain special privileges concerning U.S. customs duties and excise taxes. It's a status intended to lower the costs of international trade for U.S. companies and thus encourage greater employment and capital investment. Goods brought into an FTZ are not subject to duties and excise taxes until they are sent to domestic markets; products assembled or manufactured within an FTZ may be exported without paying these duties and taxes. FTZs often enjoy state and local tax benefits as well.

Photo courtesy of Port San Antonio

The recent opening of an automobile shipment facility operated by a subsidiary of Höegh Autoliners has made Port Freeport a major player in the export of U.S. vehicles, particularly to the Middle East; in 2015, the port exported more than \$1 billion in such cargo to Saudi Arabia, Qatar and Kuwait.

Trade associated with the Freeport port of entry supports an estimated 26,000 Texas jobs and contributes at least \$3.7 billion in GSP.

PORT OF PORT ARTHUR

In 2015, the Port of Port Arthur accounted for nearly 9 percent of Texas' seaborne trade, valued at about \$18.2 billion. The port is one of the nation's busiest for fuels and other petrochemical products produced by nearby refineries, including an Aramco-Motiva plant that is North America's largest crude-oil refinery. The port is covered by an FTZ and is a designated U.S. "strategic" port that regularly handles military shipping.

About 2,000 people in the Port Arthur area are directly employed in port-related activities, including employees of the port itself, workers at private refinery terminals and port and waterway security personnel,

THE PORT OF PORT ARTHUR IS PART OF THE SABINE-NECHES WATERWAY, WHICH RECENTLY SURPASSED THE PORT OF NEW YORK AND NEW JERSEY IN TERMS OF SHIPMENTS: MORE THAN 129 BILLION TONS.

Source: U.S. Army Corps of Engineers

as well as rail workers, truck drivers, tug and barge operators, marine agents, dredging operators and harbor pilots.

In May 2016, voters in the Port of Port Arthur Navigation District approved an \$89 million bond issue to modernize and expand port facilities. Construction

associated with these bonds will commence in 2017 and employ about 350 construction workers during the two-year project.

The Comptroller estimates trade associated with the Port of Port Arthur supports about 68,000 net Texas jobs and contributes at least \$9.7 billion to the state's GSP.

PORT OF HOUSTON

The sprawling Port of Houston is a 25-mile-long industrial complex comprising more than 150 public and private terminals that support many industries, including the nation's largest concentration of petrochemical refineries. It's the nerve center of the Houston Ship Channel, the nation's busiest

waterway, which is navigated by more than 8,300 large ships and 231,000 smaller commercial craft each year.

The Port of Houston leads the nation in foreign waterborne tonnage and ranks 15th in the world.

In 2015, the port handled 234.3 million tons of cargo. It's the nation's largest importer and exporter of petroleum and petroleum products.

Shipping activity at the port accounted for \$137 billion in trade in 2015. Its terminals handle two-thirds of all container-ship traffic in the Gulf of Mexico. The

port also includes the nation's largest terminal for break-bulk cargo (large, individually loaded cargo items).

The FTZ covering the port is home to nearly 200 firms employing more than 17,300 Texans, including the largest U.S. facility for raw plastic resin exports. In all, private firms invested about \$35 billion in the Port of Houston and surrounding industries between 2012 and 2016.

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SINCE 2011, THE PORT OF HOUSTON HAS SEEN A SHIFT FROM LIQUID BULK CARGO TO MORE LABOR-INTENSIVE CONTAINERIZED CARGO AND STEEL, RESULTING IN A NET INCREASE IN DIRECT EMPLOYMENT.

Sources:
Port of Houston Authority
and Martin Associates



Photo courtesy of Port San Antonio

We estimate that trade associated with the Port of Houston seaport supports 509,000 net Texas jobs and adds at least \$73 billion to GSP.

INTERMODAL LOGISTICS FACILITIES

Texas' ports of entry include two intermodal logistics facilities, which offer air, road and rail transport links as well as FTZs for related manufacturing, processing, storage and assembly operations. These facilities see relatively little direct foreign trade but facilitate the movement of trade once in the country.

Port San Antonio offers air, road and rail links serving tenants including Boeing, which operates one of the world's largest maintenance and repair facilities for

military aircraft at the site. The port occupies the site of the former Kelly Air Force Base and has access to an 11,500-foot runway capable of handling the largest aircraft.

The port directly employs about 100 and houses more than 70 public- and private-sector

tenants that employ about 12,000. Operations at Port San Antonio support an estimated 27,000 Texas jobs and contribute about \$3 billion in GSP.

Another intermodal facility near Fort Worth, the **Alliance Global Logistics Hub**, is part of the \$8 billion, 18,000-acre mixed-use development AllianceTexas, which grew around Fort Worth Alliance Airport, the world's first industrial airport. Like Port San Antonio, the hub offers access to air and rail facilities and major highways as well as an FTZ for commercial operations related to the port.

PORT SAN ANTONIO'S INDUSTRIAL AIRPORT AT KELLY FIELD BOASTS A 11,500-FOOT RUNWAY - THE REGION'S LONGEST.

Source: Port San Antonio



Photo courtesy of Port San Antonio

Alliance Airport saw a record year for air cargo in 2015, loading and unloading 263 million pounds. A BNSF Railway facility at the logistics hub conducted more than 640,000 "lifts" in 2015 — that is, the movement of a cargo container onto or off of a train — with about 80 percent of this cargo coming from Asia through the U.S. West Coast. The facility receives about 2,800 trucks and 17 trains each day.

Operations at the Alliance Global Logistics Hub support an estimated 67,000 Texas jobs and contribute \$6.4 billion to Texas GSP.

"The economic importance of Texas' ports of entry extends well beyond our borders," says Comptroller Hegar. "They provide employment and investment throughout Texas, but they also support jobs and industry throughout our nation as well as our trading partners' economies." **FN**

263 MILLION POUNDS OF AIR CARGO WERE LOADED AND UNLOADED AT ALLIANCE AIRPORT IN 2015.

Source: AllianceTexas

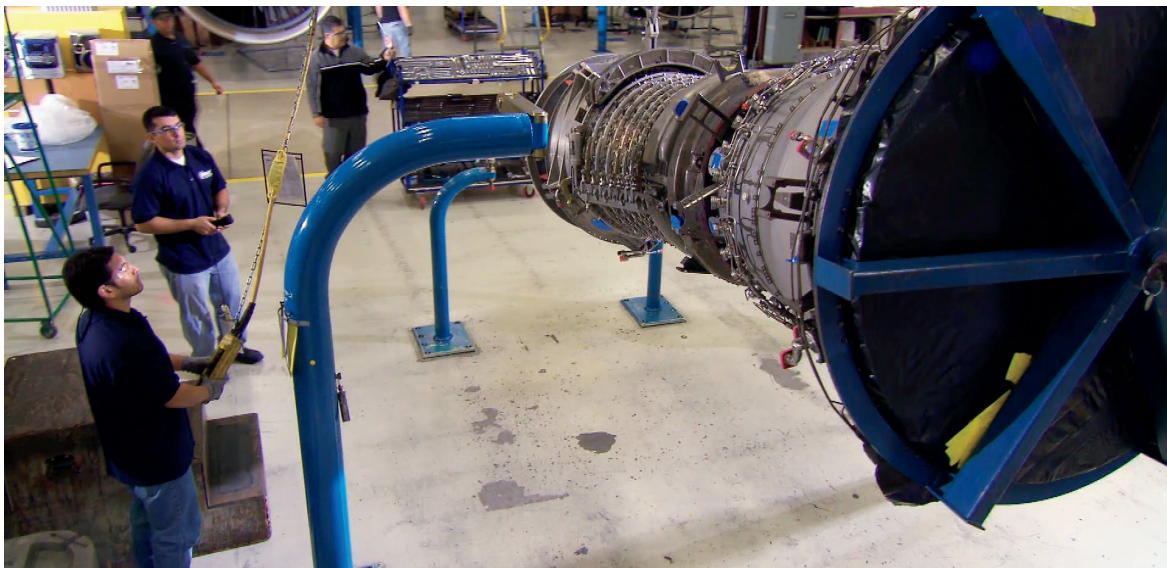


Photo courtesy of Port San Antonio

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	JANUARY 2017	YEAR TO DATE: TOTAL	YEAR TO DATE: CHANGE FROM PREVIOUS YEAR
SALES TAX	\$2,450,504	\$11,834,337	-0.52%
PERCENT CHANGE FROM JANUARY 2016	-0.74%		
MOTOR VEHICLE SALES AND RENTAL TAXES	406,857	1,935,880	0.43%
PERCENT CHANGE FROM JANUARY 2016	6.91%		
MOTOR FUEL TAXES	295,692	1,480,958	1.69%
PERCENT CHANGE FROM JANUARY 2016	1.42%		
FRANCHISE TAX	-59,002	-379,086	80.62%
PERCENT CHANGE FROM JANUARY 2016	143.00%		
INSURANCE TAXES	18,465	104,959	17.65%
PERCENT CHANGE FROM JANUARY 2016	-3.16%		
NATURAL GAS PRODUCTION TAX	72,636	367,956	-2.22%
PERCENT CHANGE FROM JANUARY 2016	7.89%		
CIGARETTE AND TOBACCO TAXES	110,740	588,385	9.87%
PERCENT CHANGE FROM JANUARY 2016	8.83%		
ALCOHOLIC BEVERAGES TAXES	106,662	496,729	2.69%
PERCENT CHANGE FROM JANUARY 2016	0.91%		
OIL PRODUCTION AND REGULATION TAXES	175,736	802,285	3.54%
PERCENT CHANGE FROM JANUARY 2016	39.35%		
UTILITY TAXES¹	85,758	198,661	19.36%
PERCENT CHANGE FROM JANUARY 2016	76.62%		
HOTEL OCCUPANCY TAX	28,403	200,633	-1.93%
PERCENT CHANGE FROM JANUARY 2016	-15.50%		
OTHER TAXES²	14,027	55,823	0.60%
PERCENT CHANGE FROM JANUARY 2016	51.23%		
TOTAL TAX COLLECTIONS	\$3,706,477	\$17,687,521	-0.39%
PERCENT CHANGE FROM JANUARY 2016	2.16%		
Revenue By Source	JANUARY 2017	YEAR TO DATE: TOTAL	YEAR TO DATE: CHANGE FROM PREVIOUS YEAR
TOTAL TAX COLLECTIONS	\$3,706,477	\$17,687,521	-0.39%
PERCENT CHANGE FROM JANUARY 2016	2.16%		
FEDERAL INCOME	3,689,994	16,423,321	-2.13%
PERCENT CHANGE FROM JANUARY 2016	1.76%		
LICENSES, FEES, FINES AND PENALTIES	1,583,718	4,906,246	-4.01%
PERCENT CHANGE FROM JANUARY 2016	14.02%		
INTEREST AND INVESTMENT INCOME	77,622	285,709	17.79%
PERCENT CHANGE FROM JANUARY 2016	-10.34%		
NET LOTTERY PROCEEDS³	146,324	754,695	-24.70%
PERCENT CHANGE FROM JANUARY 2016	-59.53%		
SALES OF GOODS AND SERVICES	26,605	121,413	-5.46%
PERCENT CHANGE FROM JANUARY 2016	17.73%		
SETTLEMENTS OF CLAIMS	7,032	60,467	-88.58%
PERCENT CHANGE FROM JANUARY 2016	-52.94%		
LAND INCOME	196,829	664,204	43.88%
PERCENT CHANGE FROM JANUARY 2016	400.46%		
CONTRIBUTIONS TO EMPLOYEE BENEFITS	5	31	41.23%
PERCENT CHANGE FROM JANUARY 2016	0.00%		
OTHER REVENUE	416,966	1,817,760	3.78%
PERCENT CHANGE FROM JANUARY 2016	8.14%		
TOTAL NET REVENUE	\$9,851,573	\$42,721,368	-2.38%
PERCENT CHANGE FROM JANUARY 2016	3.12%		

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

² Includes the cement and sulphur taxes and other occupation and gross receipts taxes not separately identified.

³ Gross sales less retailer commissions and the smaller prizes paid by retailers.

Note: Totals may not add due to rounding.



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Texas Comptroller of Public Accounts

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