

SEPTEMBER 2019

FISCAL NOTES

TAXING OUT-OF-STATE SELLERS

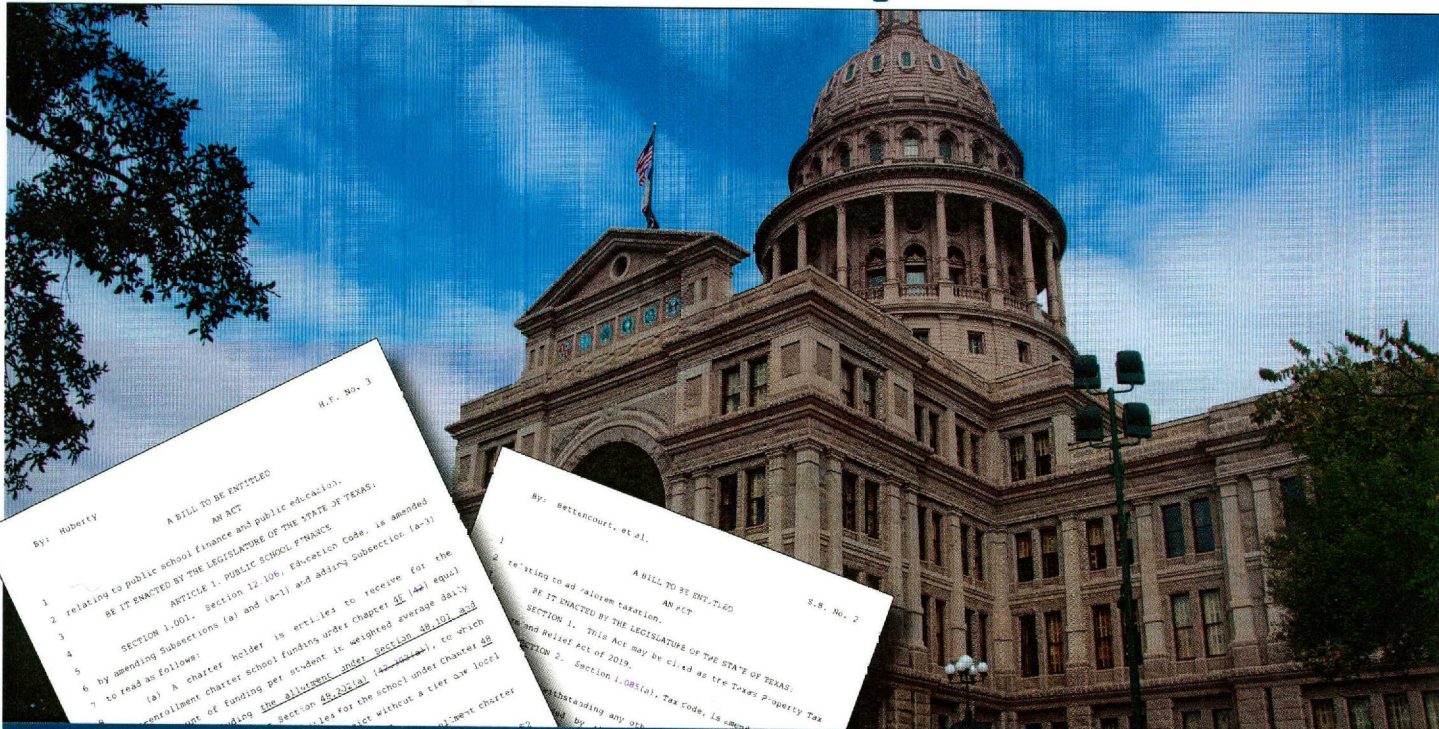
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STATE REVENUE WATCH

11

Fiscal Highlights from the 86th Legislature

By Ramona Reeves



LEGISLATIVE SESSION TACKLED PUBLIC EDUCATION, PROPERTY TAXES

The 86th Texas Legislature met in 2019 to write the state's next budget and tackle a perennial challenge for Texas lawmakers — meaningful reforms to public education and the state's local property tax system.

In January, Comptroller Glenn Hegar provided a robust biennial revenue estimate (BRE) for the state, reporting that Texas' revenues would support \$119 billion in general-purpose spending for the 2020-21 biennium, 3.1 percent more than in 2018-19. All revenue sources, including federal aid and dedicated funds, brought the total amount to \$266 billion available for the budget. The reasonably good fiscal news helped set an amicable tone for the session. And near the end, with time for budget negotiations shrinking to days, Hegar delivered more good news to lawmakers: an increase in the BRE of \$518 million.

A \$251 BILLION BUDGET

Of 7,324 House and Senate bills filed before and during session, 1,373 became law (**Exhibit 1**), including and most importantly House Bill (HB) 1, the General

EXHIBIT 1

BILL ACTIVITY IN THE 2019 TEXAS LEGISLATIVE SESSION

HOUSE AND SENATE BILLS FILED	7,324
PASSED	1,429
VETOED BY THE GOVERNOR	56

Note: Does not include resolutions, memorial motions, etc.
Source: Legislative Reference Library of Texas

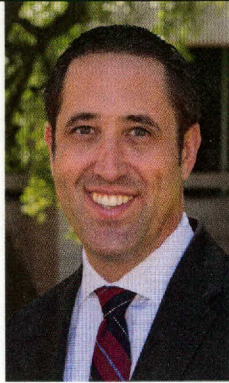
Appropriations Act that funds the state's budget. Under HB 1, the Legislature appropriated nearly \$252 billion in all funds for the 2020-21 budget, a 4.9 percent increase from the last biennium.

Public schools, colleges and universities account for \$95.7 billion of the budget; their share rose by 16 percent from last session. About \$84 billion is headed to health and human services programs, 1 percent more than in the last biennium but offset to 0.4 percent by a \$500 million cut in the state's Medicaid budget.

CONTINUED ON PAGE 3

A Message from the Comptroller

The 86th session of the Texas Legislature, which concluded on May 27, adopted a new state budget and addressed some expenses remaining from the last session. Its primary focus, however, was to address two issues often before the state's lawmakers:



public education and the state's local property taxes. A productive session produced significant new laws in both areas.

In this issue of *Fiscal Notes*, we provide our biennial overview of the most important fiscal legislation passed in 2019.

This agency's original Biennial Revenue Estimate, and a subsequent update that increased the amount available for spending, allowed the Legislature to pass a budget 4.9 percent higher than the previous session's, at nearly \$251 billion. The budget includes a state "buy down" of local property tax rates intended to reduce the average school district's property tax rate by an average of 8 cents per \$100 in 2020 and 13 cents in 2021. It also included teacher pay raises, an increase in the basic allotment of state funds per student and a one-time "extra" payment for retired teachers.

In addition, new laws will lower the threshold for required public approval of property tax increases in many jurisdictions other than school districts.

Other major legislation is profiled in our article on Texas' reaction to the Supreme Court's *Wayfair* decision, which allows states to impose sales tax collection responsibilities on out-of-state retailers even if they have no physical presence in the state. We discuss the history and current status of this landmark case — and new legislation and rules that may yield an additional \$500 million in state revenue annually in the wake of the decision.

As always, I hope you enjoy this issue!

GLENN HEGAR

Texas Comptroller of Public Accounts

PORT OF ENTRY

LAREDO

Ports of entry within the state of Texas accounted for nearly **\$740 BILLION** in international trade in 2018.

Texas has **29 OFFICIAL PORTS** of entry that serve as critical gateways to global trade. Each port, whether an airport, land port or seaport, serves many domestic and international economic activities across multiple industries.

THE LAREDO PORT OF ENTRY'S CONTRIBUTIONS TO THE TEXAS ECONOMY INCLUDE:

TOTAL TRADE (2018)

\$234.7 BILLION

DIRECT AND INDIRECT EMPLOYMENT

474,400

GROSS DOMESTIC PRODUCT

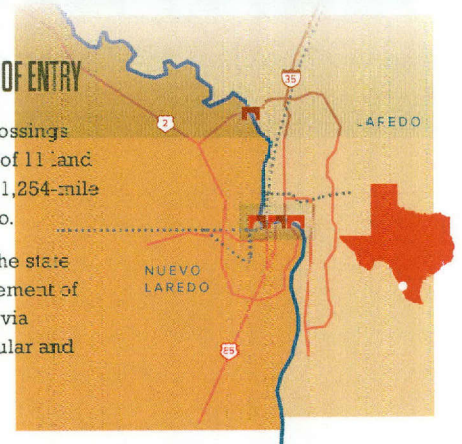
\$71.7 BILLION

Sources: REMI, Texas Comptroller of Public Accounts

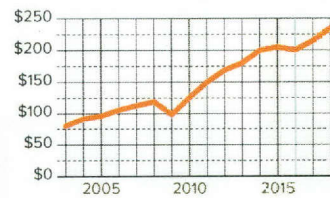
ABOUT THE LAREDO PORT OF ENTRY

Laredo's border crossings together form one of 11 land ports along Texas' 1,254-mile border with Mexico.

Each land port in the state facilitates the movement of people and goods via commercial, vehicular and pedestrian traffic.



LAREDO PORT OF ENTRY: ALL TRADE, 2003-2018



Source: U.S. Census Bureau, USA Trade Online

Shipping activity through this port accounted for **\$234.7 BILLION** in trade in 2018, 193 percent more than in 2003.

IN 2018, THE LAREDO PORT OF ENTRY HANDLED NORTHBOUND BORDER-CROSSING TRAFFIC OF ABOUT 2.3 MILLION TRUCKS.

LAREDO PORT OF ENTRY

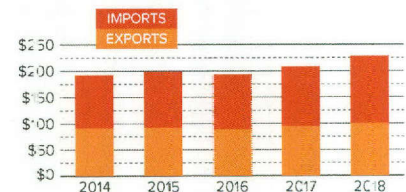
TOP IMPORTS: VEHICLES, MACHINERY

TOP EXPORTS: MACHINERY, ELECTRONICS

TOP TRADING PARTNERS: MEXICO, CHINA, MALAYSIA

LAREDO PORT OF ENTRY: TOTAL TRADE WITH TOP TRADING PARTNERS, 2014-2018

Mexico, China and Malaysia together accounted for about 99 percent of the total trade through this port in 2018.



Source: U.S. Census Bureau, USA Trade Online

LAREDO IS ONE OF 29 OFFICIAL TEXAS PORTS OF ENTRY. SEE A SELECT LIST, PLUS MORE IN-DEPTH REGIONAL DATA

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

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Legislators dipped into the state’s “Rainy Day Fund” for \$6.2 billion — the largest such draw in the fund’s history.

As has been the case for many years, the bulk of the 2020-21 biennial budget is devoted to education and health and human services (**Exhibit 2**).

Under Senate Bill (SB) 500, lawmakers also allocated \$9.9 billion in *supplemental* funding for fiscal 2019 and the 2020-21 biennium, in part to pay for certain needs including foster care, Medicaid expenses and Hurricane Harvey-related items. To shore up this supplemental budget, legislators dipped into the state’s Economic Stabilization Fund (ESF), the “Rainy Day Fund,” for \$6.2 billion — the largest such draw in the fund’s history.

REFORMING SCHOOL FINANCE

The major public school finance bill, HB 3, consumed much of the 140-day session. Sticking points included increases to teachers’ pay and the reduction of school

district property taxes. The Senate and House both proposed pay raises, lower school district tax rates and higher state spending on school districts, all measures involving sizeable expenditures.

Lawmakers finally agreed to use state funds to “buy down” \$5 billion in school district property taxes. In general, HB 3 seeks to push the maintenance and operations (M&O) tax rate for school districts down by an average of 8 cents per \$100 of property valuation in 2020 and 13 cents in 2021. And, beginning in 2021, school districts that see growth in their property values above the statewide average will be required to use revenue derived from any growth above 2.5 percent

TWO KINDS OF PROPERTY TAXES

In Texas, local property tax rates consist of two parts: the *maintenance and operations* (M&O) rate, intended to support operating expenditures such as employee salaries, and the *interest and sinking* (I&S) rate, which generally supports bond debt incurred for facility construction.

EXHIBIT 2

2020-21 APPROPRIATIONS BY ARTICLE

ALL FUNCTIONS	EXPENDED/ BUDGETED 2018-19	APPROPRIATED 2020-21	BIENNIAL CHANGE	PERCENTAGE CHANGE	Percentage Change Scale									
					-15%	-10%	-5%	0%	5%	10%	15%	20%		
ARTICLE I – General Government	\$7,781.1	\$7,440.2	-\$341.0	-4.4%										
ARTICLE II – Health and Human Services	84,036.3	84,368.7	332.4	0.4%										
ARTICLE III – Agencies of Education	82,214.8	95,685.9	13,471.0	16.4%										
Public Education	61,315.5	73,833.1	12,517.6	20.4%										
Higher Education	20,899.4	21,852.8	953.4	4.6%										
ARTICLE IV – The Judiciary	857.1	892.3	35.3	4.1%										
ARTICLE V – Public Safety and Criminal Justice	18,857.9	16,040.3	-2,817.6	-14.9%										
ARTICLE VI – Natural Resources	8,428.0	9,013.0	585.0	6.9%										
ARTICLE VII – Business and Economic Development	36,721.5	37,062.4	340.9	0.9%										
ARTICLE VIII – Regulatory	677.8	647.4	-30.4	4.5%										
ARTICLE IX – General Provisions	0.0	285.3	285.3	N/A										
ARTICLE X – The Legislature	392.8	392.1	-0.8	-0.2%										
TOTAL, ALL FUNCTIONS	\$239,967.3	\$251,827.6	\$11,860.3	4.9%										

Notes: Totals include the net effect of House Bill 1 (General Appropriations Act), Senate Bill 500 (supplemental appropriations), and House Bill 4071 (miscellaneous claims). These amounts have been adjusted to include supplemental spending in fiscal 2019. These estimates are preliminary and subject to change based on the future actions of the 86th Legislature and final reconciliations by the staff of the Legislative Budget Board.

Article IX provides job titles, salary schedules and other provisions related to appropriation authority.

Totals may not add due to rounding.

Source: Texas Comptroller of Public Accounts

Fiscal Highlights from the 86th Legislature



to further reduce their tax rates. (Thus, actual tax rate reductions from this requirement will depend heavily on rising local property values.)

In all, HB 3 increased biennial funding by \$11.6 billion over the amount that would have been provided under previous law, including \$6.5 billion in new funding for schools as well as \$5 billion for property tax relief (the “buy-down”). Salary increases for teachers and other staff will vary based on a new statewide formula, years of teaching experience and the extra local money available in each district.

In addition, school districts now are required to devote 30 percent of any gains in their basic allotment of state funds per student to compensation for teachers, counselors, librarians and nurses. This compensation can include benefits such as insurance premiums. These changes took effect at the start of the 2019-20 school year.

HB 3 also increased the basic allotment from \$5,140 to \$6,160, and increased weights for funding that consider specific student characteristics such as economic disadvantage and the need for special education.

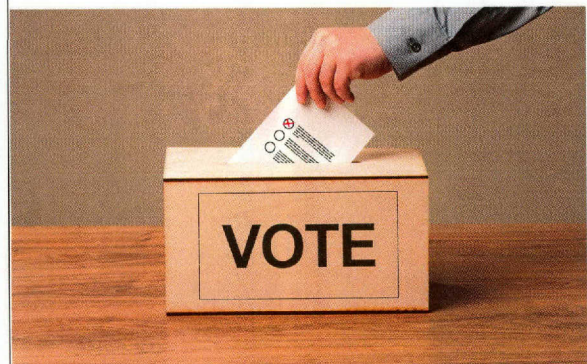
HB 3 also includes funding for full-day pre-kindergarten for eligible children; new incentives for college, career and military readiness; more financial support for special education; financial incentives of \$3,000 to \$32,000 annually for high-performing teachers who teach in rural and/or low-income districts; and a reduction in “recapture” funds by \$3.5 billion compared to the previous biennium. (State law “recaptures” some property tax revenues from property-wealthy districts to supplement poorer districts’ funding.)

MORE VOTER APPROVAL FOR LOCAL PROPERTY TAXES

Many other local government entities besides school districts levy property taxes, including municipalities, counties and special-purpose districts that provide a wide variety of public services. SB 2, the most significant property tax bill, addressed taxes levied by these entities.

Since the 1980s, these taxing authorities have been able to increase their M&O taxes up to 8 percent annually without triggering a provision allowing voters to petition for an election. After SB 2’s passage, beginning in 2020 many of them can’t increase their M&O revenue by more than 3.5 percent in a single year without triggering an automatic election.

The new legislation includes some exceptions, however. Most taxing units subject to the 3.5 percent voter-approval tax rate, as well as municipalities with fewer than 30,000 people, can raise an additional \$500,000 annually in M&O revenue without triggering an election, despite the threshold. In addition, junior college districts, hospital districts, certain water districts and taxing units with low proposed M&O tax rates (2.5 cents or less per \$100) aren’t subject to the



Current TRS retirees will receive a one-time extra annuity check, or “13th check,” at a cost to the state of \$589 million.

3.5 percent voter-approval rate and can continue increasing their M&O revenue by up to 8 percent annually. (Again, SB 2’s provisions do not apply to school districts.)

Furthermore, the new legislation allows taxing units to “bank” unused annual tax increases for the three previous years.

Limiting many jurisdictions’ ability to raise M&O revenue without voter approval won’t lower current property tax bills, but may reduce future increases.

SUPPORTING TEACHERS

While increasing funding for public schools, lawmakers also took steps in the supplemental budget (SB 500) to shore up the Teacher Retirement System (TRS) pension fund.

As reported in the February 2019 *Fiscal Notes*, the state’s Pension Review Board considers a pension actuarially sound if it can eliminate its unfunded liability in 30 years or less with current contribution rates. The time needed to do so is called the *amortization period*; at the beginning of the 2019 session, TRS’ was at 32.2 years. To reduce the amortization period, legislators tapped \$524 million from the ESF.

With the passage of SB 12, the TRS pension reform bill, the state’s contribution to TRS will rise from a rate of 6.8 percent of payroll to 8.25 percent annually from 2019 to 2024. In the same period, active employees’ shares will increase from 7.7 percent of salary to 8.25 percent and district contributions will grow from 1.5 to 2 percent. Current TRS retirees also will receive a one-time extra annuity check, or “13th check,” also funded from the ESF. This will be either for the amount of their monthly annuity payment or \$2,000, whichever is less, at a cost to the state of \$589 million.

These moves open the door for a cost-of-living increase for retired teachers in the next legislative session. By law, such increases can’t occur unless the pension is actuarially sound.

The Legislature also made appropriations to TRS-Care, the retiree health care plan. That will stave off a premium increase for plan members in 2020.

MAKING WAY FOR WAYFAIR

Last year’s decision by the U.S. Supreme Court in *South Dakota v. Wayfair* overruled prior decisions that a state could impose sales and use tax



collection responsibilities only on sellers with a physical presence in that state. (*Wayfair* is discussed elsewhere in this issue.)

While Texas has a single state sales tax rate, local sales tax rates vary from zero to 2 percent, which could complicate tax remittance and collection responsibilities for out-of-state sellers. With the passage of HB 2153, the Comptroller’s office can set a uniform sales and use tax rate to be collected by remote sellers.

Another new law, HB 1525, requires online “marketplaces” such as Etsy, Amazon and eBay to collect sales and use taxes on sales made by all third-party sellers who sell to Texans through their sites.

Our agency estimates the new laws and rules adopted to implement *Wayfair* will add \$500 million to state coffers annually.

EARNING MORE WITH THE RAINY DAY FUND

For several years now, the Comptroller’s office has recommended investing the ESF in assets producing better returns for the state, through an initiative called the Legacy Fund. While lawmakers didn’t create the fund, SB 69 will allow the agency to move up to 75 percent of the Rainy Day Fund into prudent but higher-yield investments that would maintain the state’s purchasing power.

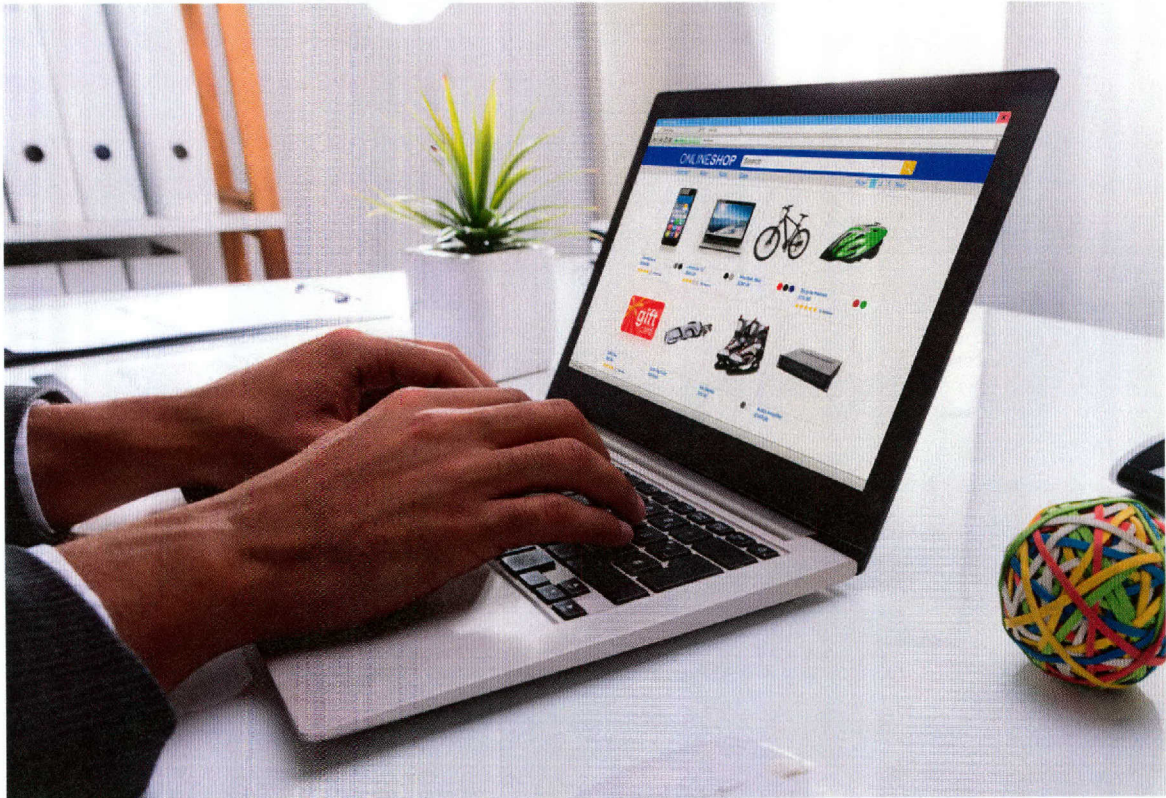
“We’re moving in the right direction,” Hegar said, “and at the very least won’t be treating our savings account like cash buried on the Capitol lawn.” **FN**

The January 2019 issue of Fiscal Notes provides an in-depth overview of the history of school finance in Texas. More about the health of the state’s pension funds can be found in the February issue at FiscalNotes.com.

Taxing Out-of-State Sellers

By Shannon Halbrook

NEW STATE TAX LAWS MAY BRING IN \$500 MILLION ANNUALLY



In the last two decades, the rapid rise of online sales has upended the retail industry, providing shoppers with an unprecedented variety of options — and posing problems both for brick-and-mortar retailers and the governments that depend on them for sales tax revenue.

According to the trade publication *Internet Retailer*, in 2018 the internet accounted for an astonishing 15 percent of worldwide retail sales. In the U.S., the volume of e-commerce rose by more than 15 percent in that year alone. And until fairly recently, the tax due on much of this commerce went uncollected. State and local governments, which rely heavily on sales and use taxes, saw the growth of untaxed online sales as a serious and growing problem for vital public programs as well as local retailers, who faced an uneven playing field.

On June 21, 2018, the U.S. Supreme Court addressed this threat, ruling in *South Dakota v. Wayfair* that states can require many out-of-state sellers — sometimes called “remote sellers” — to collect sales tax on purchases made by their residents. The decision overturned decades of precedent.

It’s a complex issue that raises questions about how states should proceed. Texas is establishing its policies now and, while much has been decided, some specifics are still pending.

THE PATH TO WAYFAIR

Forty-five states and the District of Columbia impose sales and use taxes. In Texas, the general sales and use tax brought in more than \$31.9 billion in fiscal 2018, about 57 percent of state tax revenue in that year.

Sales and use tax collections are fairly simple when a buyer and seller are in the same state. But the issue has been murkier for sales across state lines. A 1977 Supreme Court decision, *Complete Auto Transit, Inc. v. Brady*, established that the obligation to collect a sales tax could be imposed on a seller only if a “substantial nexus” — a clear connection, such as a brick-and-mortar store — existed between the seller and the taxing entity.

According to the 1992 decision in *Quill Corp. v. North Dakota*, the state of North Dakota couldn’t require a company to collect tax on its mail-order sales because it lacked a physical presence in that state. This “physical

SALES AND USE TAXES

Generally speaking, the *sales* tax is imposed on the sale of property or services in a state, while the *use* tax is a complementary tax imposed on the sale of property or services that are subsequently used in a state if its sales tax has not been paid.

Many independent sellers now rely solely on online marketplaces for the visibility and sales, fulfillment and shipping infrastructure they provide.

presence” test was the guiding legal standard for years, but grew problematic as e-commerce became common. Online purchasing from remote sellers began to cut dramatically into both sales tax revenues and the sales of in-state businesses, who, unlike remote sellers, were required to collect sales taxes.

Many states responded to *Quill* with laws asserting nexus over out-of-state sellers, based on new business models and their relationships with entities located in those states. For example, an out-of-state seller might have “affiliate” nexus based on the in-state presence of another entity under common ownership. Texas had affiliate nexus in law before the *Quill* decision, and most recently updated its statute in 2012.

ONLINE MARKETPLACES

The business model of Amazon, the world’s dominant online vendor, has had a significant impact on state efforts to collect sales taxes on internet purchases. In 2010, the Texas Comptroller’s office asked Amazon to pay \$269 million in back taxes on sales to Texas

purchasers, basing nexus on a warehouse it had built in the state. The company initially resisted, but its growing nationwide physical presence led it to begin collecting sales taxes in some states in 2011 (and in Texas in 2012). Today, the company collects taxes on purchases made directly from Amazon in all states with sales and use taxes.

Taxes on purchases made on rapidly growing online marketplaces, however, typically have gone uncollected. These marketplaces allow third parties to sell and ship to consumers. Amazon hosts the biggest by far in terms of sales volume; some 2.5 million sellers around the world used its platform to make \$175 billion in sales in 2018.

Other large marketplace websites include eBay (25 million sellers), Etsy (1.2 million sellers) and Walmart (21,800 sellers). Many independent sellers now rely solely on these marketplaces for the visibility and sales, fulfillment and shipping infrastructure they provide.

SOUTH DAKOTA V. WAYFAIR

In 2016, South Dakota challenged the physical presence test with a law requiring remote sellers to collect and remit sales tax based on an “economic nexus” established by the annual delivery of more than \$100,000 of goods or services into the state, or by 200 or more separate transactions in a single year for the delivery of such goods or services. Some vendors sued, led by online retailer Wayfair LLC.



Remote sellers' permitting and collection responsibilities will begin on Oct. 1, 2019.

In 2018's *South Dakota v. Wayfair* decision, a 5-4 majority of the U.S. Supreme Court overturned the *Quill* standard and upheld South Dakota's law, asserting that "physical presence is not necessary to create a substantial nexus." The court further said that the growth of e-commerce since *Quill* had distorted markets and created an uneven playing field among sellers.

States began to draft new legislation and new administrative rules almost immediately in the decision's wake. As of July 1, 2019, 36 states have adopted remote sales tax collection laws and regulations based on economic nexus, while 33 have required marketplaces to collect sales tax on their sellers' behalf. Details vary considerably; **Exhibit 1** highlights those of the six most populous states and Texas' neighboring states.

CHANGES IN TEXAS LAW AND REGULATIONS

Before the 2019 legislative session, the Comptroller's office amended its rule related to seller and purchaser responsibilities for sales and use taxes in response to the *Wayfair* ruling. The rule amendment created a "safe harbor" for remote sellers with limited sales in Texas; the agency will not enforce sales tax permitting and collection obligations on remote sellers whose total Texas revenue in the preceding 12 calendar months is less than \$500,000.

To give sellers affected by the amended rule adequate time to prepare for their collection and reporting obligations, the rule now provides that

remote sellers' permitting and collection responsibilities will begin on Oct. 1, 2019.

"We weighed the burden of tax collection on small vendors, the amount of potential tax revenue to be collected on the sales and the interests of in-state vendors in a level playing field, to reach what we hope is the right threshold amount," says Associate Deputy Comptroller Karey Barton.

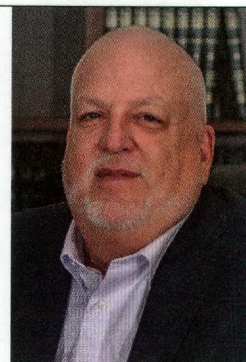
These rule amendments apply only to remote sellers. In general, a remote seller cannot have a physical presence or activities in the state other than the solicitation of sales to Texas customer by remote means.

In addition to the rule changes, the Comptroller's office worked with the Legislature and many stakeholders to pass two new bills during the 2019 session that amend Texas law in response to *Wayfair*. At this writing, the agency is updating its rules to implement these new laws as of Oct. 1, 2019.

MARKETPLACE LEGISLATION

House Bill (HB) 1525 is Texas' marketplace statute, amending the Tax Code's definitions of "seller" and "retailer" to include marketplace providers that directly or indirectly process sales or payments for third-party sellers. The marketplace provider certifies to third-party sellers that it will collect Texas taxes; the provider then assumes the seller's tax collection obligation. The third-party seller therefore is relieved of tax collection responsibility and has no liability to the state unless it provides incorrect or insufficient information to the marketplace provider.

"The marketplace providers were very forthcoming and worked with us to get to the right result," says Barton.



KAREY BARTON
ASSOCIATE DEPUTY
COMPTROLLER

EXHIBIT 1

SALES TAX COLLECTION THRESHOLDS FOR REMOTE SELLERS IN SELECTED STATES

STATE	EFFECTIVE DATE	REMOTE SELLER THRESHOLD
CALIFORNIA	APRIL 1, 2019	\$500,000
FLORIDA — NO REMOTE SALES TAX LAW		
ILLINOIS	OCT. 1, 2018	\$100,000 OR 200 TRANSACTIONS
LOUISIANA	NO LATER THAN JULY 1, 2020	\$100,000 OR 200 TRANSACTIONS
NEW MEXICO	JULY 1, 2019	\$100,000
NEW YORK	EFFECTIVE "IMMEDIATELY" AFTER WAYFAIR RULING	\$500,000 AND 100 SEPARATE TRANSACTIONS
OKLAHOMA	NOV. 1, 2019	\$100,000 IN PREVIOUS YEAR
PENNSYLVANIA	JULY 1, 2019	\$100,000 IN PREVIOUS YEAR
TEXAS	OCT. 1, 2019	\$500,000 IN PREVIOUS YEAR

Source: Federation of Tax Administrators

And the hard work paid off. According to Barton, "Texas has gotten kudos on our marketplace legislation for being simple and not overreaching." Representatives of Amazon and eBay have praised its straightforward language.

SINGLE LOCAL TAX RATE

The other *Wayfair* bill passed this session, HB 2153, amends the Texas Tax Code to allow remote sellers to collect a single local tax in lieu of the different taxes imposed by cities, counties and special taxing jurisdictions at each shipping destination. This measure, too, was designed to avoid undue burdens on small business.

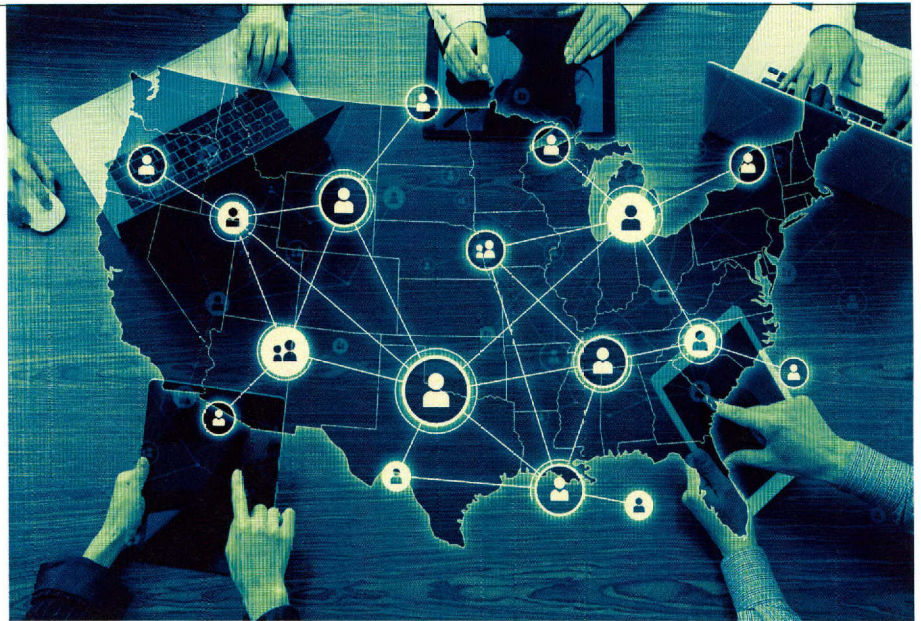
The legislation authorizes the Comptroller to set the single tax rate annually, based on an average of local rates across the state. The Comptroller has set the initial rate at 1.75 percent, bringing the combined state and local tax rate for remote sales to 8 percent. Remote sellers either can collect the 8 percent statewide rate or charge the actual combined state and local sales tax rate imposed at the delivery destination, but must choose one or the other for all sales. This legislation offers a simple solution to sellers that could find it difficult to keep up with the wide variation among local tax rates.

"One of the more complicated aspects of our system is the differences among local sales tax rates," says Barton. "But Texas is lucky because the state actually administers that tax, not local jurisdictions. Money will come into a pool and be distributed based on total local sales taxes collected."

A PARTNERSHIP OF STATES AND BUSINESSES

The marketplace law is expected to bring in an additional \$300 million to Texas each year, while taxes collected by other remote sellers should generate an additional \$200 million annually.

The responses of the Legislature and Comptroller's office to *Wayfair* are intended to level the playing field between in-state and remote sellers, while avoiding excessive burdens on the business community — points stressed in the Supreme Court's decision. To that end, Texas policymakers have consulted other states and as many stakeholders as possible, including the Comptroller's taxpayer advisory group, the Texas Retailers Association, the Texas Taxpayers and Research



The marketplace law is expected to bring in an additional \$300 million to Texas each year, while taxes collected by other remote sellers should generate an additional \$200 million annually.

Association and businesses including Amazon, Etsy, eBay and Walmart.

Differences among state tax laws and the sheer number of remote sellers mean that states must work together with taxpayers to bring order and predictability to sales tax collection.

The Comptroller's office will continue to develop best practices in conjunction with the Multistate Tax Commission (MTC), an intergovernmental state tax agency, and monitor other efforts at uniformity, such as the Streamlined Sales Tax Project (SSTP), a tax simplification agreement among 24 states. The SSTP website offers sellers an easy way to register and collect taxes among member states, and while Texas isn't a member of the SSTP, the Comptroller's office has considered using its registration portal.

Barton sums up the overall process as "a marathon, not a sprint," and emphasizes that state policymakers remain open to new ideas and concerns. "We want to be fair and take careful, deliberate approaches to this," he says. "We've been preaching to our sister states: let's think it through, minimize the impact on businesses as much as possible and create as level a playing field as we can get." **FN**

COMING SOON: TexIndex Will Show You the Texas Economy in a Whole New Light

The Texas Comptroller's office is committed to reporting on the health of the state economy and ensuring that Texans have access to key information and data on issues including financial, social and workforce trends.

Building on this commitment, we're preparing for the launch of TexIndex, an online tool that allows you to see how the state and its regions fit into the national picture.

Visit Comptroller.Texas.Gov and stay tuned in the coming weeks for more information.

In the meantime, here's a sneak peek of TexIndex and its stats on population growth.



DATA BY CATEGORY

POPULATION & DEMOGRAPHICS

FEATURED DATA

EXPLORE THE DATA

SELECT DATA CATEGORY	
POPULATION & DEMOGRAPHICS	▼
WORKFORCE	▼
ECONOMIC	▼
SOCIAL	▼
STATE AND LOCAL FINANCES	▼

Percent Change of Total Population, 2010-2018

Items in blue are Texas and its regions.

THE DATA	
CAPITAL REGION	25.2%
GULF COAST REGION	17.8%
METROPLEX REGION	16.9%
ALAMO REGION	16.1%
Utah	14.4%
TEXAS	14.1%
WEST TEXAS REGION	14%
Florida	13.3%
Colorado	13.2%
North Dakota	13%
Nevada	12.4%
Arizona	12.2%
Washington	12.1%
Idaho	11.9%
South Carolina	9.9%
CENTRAL TEXAS REGION	9.5%
Oregon	9.4%
North Carolina	8.9%
Georgia	8.6%
South Dakota	8.4%
Delaware	7.7%
SOUTH TEXAS REGION	7.4%
Montana	7.4%
Tennessee	6.7%
Virginia	6.5%
California	6.2%
UNITED STATES	6%
Minnesota	5.8%
Nebraska	5.6%
Massachusetts	5.4%
Oklahoma	5.1%
UPPER RIO GRANDE REGION	4.9%
Maryland	4.7%
Hawaii	4.4%
HIGH PLAINS REGION	4%
Alaska	3.8%
UPPER EAST REGION	3.7%
Iowa	3.6%
Arkansas	3.4%
Indiana	3.2%
New Hampshire	3%
Kentucky	3%
Louisiana	2.8%
Wyoming	2.5%
Missouri	2.3%
Alabama	2.3%
Wisconsin	2.2%
Kansas	2%
SOUTHEAST TEXAS REGION	1.8%
New Mexico	1.8%
New Jersey	1.3%
Ohio	1.3%
Michigan	1.1%
New York	0.8%
Pennsylvania	0.8%
Maine	0.8%
Mississippi	0.6%
Rhode Island	0.5%
Vermont	0.1%
Connecticut	0%
NORTHWEST REGION	-0.1%
Illinois	-0.7%
West Virginia	-2.5%

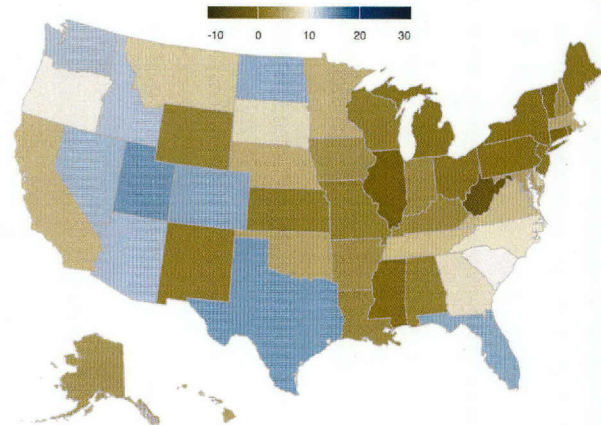
Percent Change of Total Population, 2010-2018

From 2010 to 2018, the Texas population rose by 14.1 percent, more than double the national growth of 6 percent. Texas regions with large metropolitan areas experienced the greatest population gains, led by the Capital region's staggering 25.2 percent growth. Three other regions – Gulf Coast (17.8 percent), Metroplex (16.9 percent) and Alamo (16.1 percent) – all grew faster than any U.S. state.

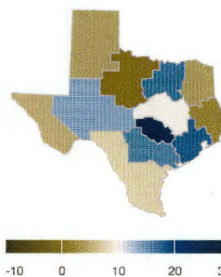
The Metroplex alone has nearly 7.9 million residents, more than the 13th-largest state (Washington); the Gulf Coast's population of nearly 7.2 million is more than that of the 14th-largest state (Massachusetts). The rural Northwest region, on the other hand, experienced a slight population decline during this period.

According to the Census Bureau, Texas added more than 1,000 residents a day between 2017 and 2018.

Source: U.S. Census Bureau, Population Division; Texas Comptroller of Public Accounts; Texas Demographic Center



Texas Comptroller Economic Regions



FOUR TEXAS REGIONS — CAPITAL, GULF COAST, METROPLEX AND ALAMO — GREW FASTER THAN ANY U.S. STATE.

Third-party sources compiled the source data for these rankings; our office has not independently verified the data. The Comptroller does not control or guarantee the accuracy, completeness or timeliness of any externally sourced data — provided as of the date indicated — or of any associated third-party related website. When you access any third-party website, you will be leaving the Comptroller's website.

NET STATE REVENUE — All Funds Excluding Trust

(AMOUNTS IN THOUSANDS)

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

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.

Tax Collections by Major Tax	AUGUST 2019	YEAR TO DATE: TOTAL	YEAR TO DATE: CHANGE FROM PREVIOUS YEAR
SALES TAX	\$2,987,987	\$34,023,916	6.53%
PERCENT CHANGE FROM AUGUST 2018	4.05%		
MOTOR VEHICLE SALES AND RENTAL TAXES	488,324	5,010,592	0.75%
PERCENT CHANGE FROM AUGUST 2018	0.28%		
MOTOR FUEL TAXES	327,100	3,743,004	1.85%
PERCENT CHANGE FROM AUGUST 2018	5.68%		
FRANCHISE TAX	237,417	4,217,869	14.43%
PERCENT CHANGE FROM AUGUST 2018	81.21%		
OIL PRODUCTION TAX	355,542	3,886,824	14.60%
PERCENT CHANGE FROM AUGUST 2018	-6.21%		
INSURANCE TAXES	342,125	2,599,025	3.61%
PERCENT CHANGE FROM AUGUST 2018	9.86%		
CIGARETTE AND TOBACCO TAXES	171,842	1,410,391	6.80%
PERCENT CHANGE FROM AUGUST 2018	27.98%		
NATURAL GAS PRODUCTION TAX	102,335	1,685,681	17.79%
PERCENT CHANGE FROM AUGUST 2018	-19.24%		
ALCOHOLIC BEVERAGES TAXES	112,725	1,369,402	5.99%
PERCENT CHANGE FROM AUGUST 2018	4.77%		
HOTEL OCCUPANCY TAX	60,609	636,110	5.80%
PERCENT CHANGE FROM AUGUST 2018	9.22%		
UTILITY TAXES¹	59,324	471,362	4.19%
PERCENT CHANGE FROM AUGUST 2018	13.03%		
OTHER TAXES²	23,094	326,547	3.36%
PERCENT CHANGE FROM AUGUST 2018	12.83%		
TOTAL TAX COLLECTIONS	\$5,268,422	\$59,380,722	6.83%
PERCENT CHANGE FROM AUGUST 2018	5.65%		
Revenue By Source	AUGUST 2019	YEAR TO DATE: TOTAL	YEAR TO DATE: CHANGE FROM PREVIOUS YEAR
TOTAL TAX COLLECTIONS	\$5,268,422	\$59,380,722	6.83%
PERCENT CHANGE FROM AUGUST 2018	5.65%		
FEDERAL INCOME	2,924,878	41,904,474	5.77%
PERCENT CHANGE FROM AUGUST 2018	0.02%		
LICENSES, FEES, FINES AND PENALTIES	687,104	6,542,087	1.00%
PERCENT CHANGE FROM AUGUST 2018	-0.07%		
STATE HEALTH SERVICE FEES AND REBATES³	128,150	7,087,932	-6.72%
PERCENT CHANGE FROM AUGUST 2018	49.12%		
NET LOTTERY PROCEEDS⁴	160,817	2,510,143	12.62%
PERCENT CHANGE FROM AUGUST 2018	-24.40%		
LAND INCOME	154,570	2,251,226	9.23%
PERCENT CHANGE FROM AUGUST 2018	-20.80%		
INTEREST AND INVESTMENT INCOME	179,481	2,504,409	35.44%
PERCENT CHANGE FROM AUGUST 2018	54.41%		
SETTLEMENTS OF CLAIMS	102,419	646,535	18.82%
PERCENT CHANGE FROM AUGUST 2018	146.39%		
ESCHEATED ESTATES	40,130	693,355	8.97%
PERCENT CHANGE FROM AUGUST 2018	94.95%		
SALES OF GOODS AND SERVICES	13,749	278,865	-2.20%
PERCENT CHANGE FROM AUGUST 2018	-56.08%		
OTHER REVENUE	673,488	4,141,655	26.21%
PERCENT CHANGE FROM AUGUST 2018	66.90%		
TOTAL NET REVENUE	\$10,333,208	\$127,941,402	6.47%
PERCENT CHANGE FROM AUGUST 2018	6.47%		

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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