

2022-23 REVISED BIENNIAL REVENUE ESTIMATE

UPDATED May 2021

Before each legislative session, the Texas Comptroller issues the Biennial Revenue Estimate (BRE) to project the amount of money available to spend through the next two-year state budget period. The Comptroller is revising the BRE to reflect higher-than-expected revenues as the state navigates unprecedented economic uncertainty in the pandemic's wake.

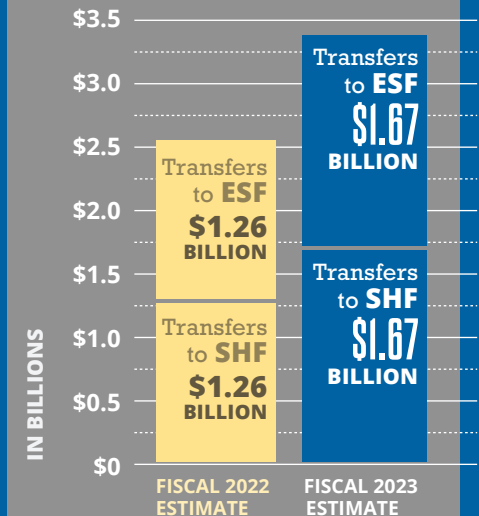
Revenue Available for General-Purpose Spending

In Billions of Dollars

		2020-21	2022-23
General Revenue-Related (GR-R) Tax Collections	+	\$98.41	\$106.48
Other GR-R Revenue	+	\$15.04	\$15.65
Total GR-R Revenue	=	\$113.45 <small>SUBTOTAL</small>	\$122.13 <small>SUBTOTAL</small>
Beginning Balance	+	\$4.84	\$0.73
Total GR-R Revenue & Fund Balances	=	\$118.29 <small>SUBTOTAL</small>	\$122.86 <small>SUBTOTAL</small>
Revenue Reserved for Transfers to the Economic Stabilization and State Highway Funds	-	\$4.80	\$6.94
Amount Needed for Transfer to the Texas Tomorrow Fund*	-	N/A	\$0.27
Total Revenue Available for General-Purpose Spending	=	\$113.50	\$115.65 <small>TOTAL</small>

* The original, constitutionally guaranteed prepaid tuition program is projected to have a cash shortfall of \$271 million in the 2022-23 biennium. The BRE assumes the shortfall will be paid from general revenue.
Note: Totals may not sum because of rounding.

Severance Tax Transfers to the Rainy Day Fund and the State Highway Fund



The State Highway Fund (SHF) and Economic Stabilization Fund (ESF) both receive oil and gas severance tax dollars. The SHF also receives a share of sales tax revenue when annual collections exceed \$28 billion.

THE AMERICAN RESCUE PLAN ACT OF 2021

The All-Funds estimate in the BRE revision is significantly higher than projected in January due in part to the substantial increase in federal funds allocated to Texas under the American Rescue Plan Act (ARPA) signed on March 11, 2021.

TEXAS ALLOCATION

STATE AND LOCAL FISCAL RECOVERY FUND

\$16.7 Billion

State of Texas

\$1.4 Billion

Smaller Cities and Counties

TOTAL ALLOCATIONS THAT FLOW THROUGH THE STATE:

\$40.0 BILLION

No ARPA funding is included in the projection of revenue available for general-purpose spending. Depending on further federal guidance and appropriations decisions by the Legislature and governor, it is possible that some of this money could be used for general-purpose spending.

\$0.5 Billion

CORONAVIRUS CAPITAL PROJECTS FUND

\$12.8 Billion

EDUCATION

\$1.3 Billion

HEALTH

\$4.8 Billion

HUMAN SERVICES

\$2.3 Billion

HOUSING

\$0.3 Billion

OTHER ITEMS

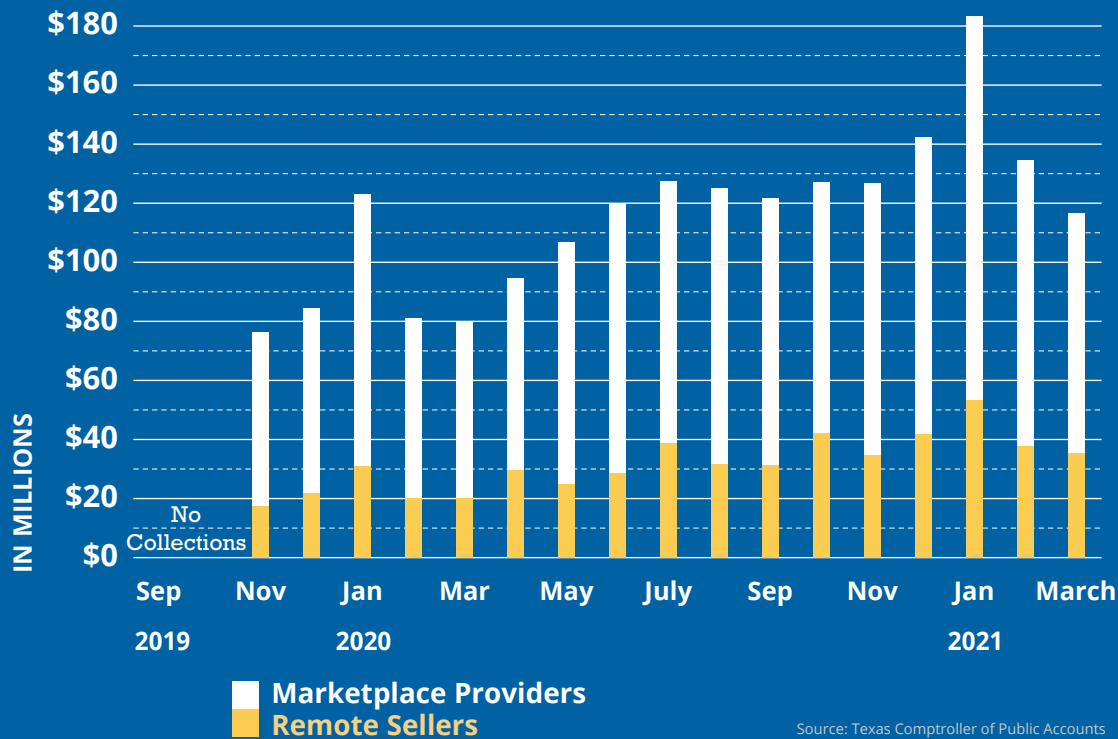
FOR MORE DETAILED INFORMATION:

<https://comptroller.texas.gov/about/emergency/>

Note: Totals may not sum because of rounding.

NEW SOURCES OF SALES TAX REVENUE

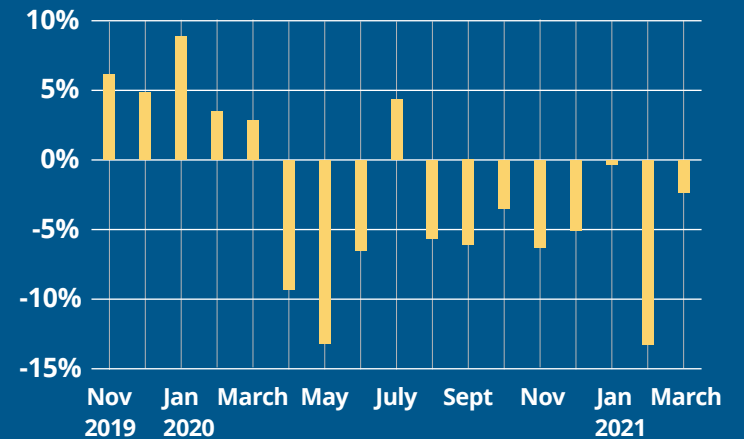
Remote Seller and Marketplace Provider Sales Tax Revenue/ September 2019 to March 2021



Source: Texas Comptroller of Public Accounts

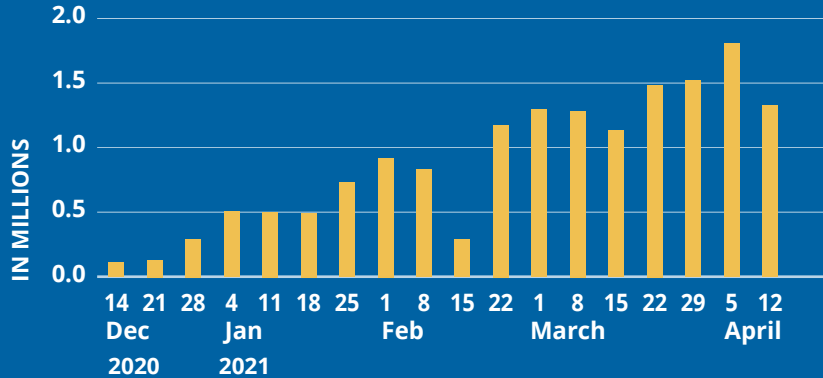
The consumer shift to online purchasing during the pandemic drove higher-than-expected sales tax revenues. Out-of-state vendors and marketplace providers were not required to collect Texas taxes until late in 2019, following the U.S. Supreme Court's Wayfair decision and subsequent legislation. These remittances reached a record high in January due to robust online sales during the December holiday season. They remain higher than pre-pandemic levels.

Monthly Sales Tax Collections Percent Change from Previous Year/ All Funds/ November 2019 to March 2021



PUBLIC HEALTH UNCERTAINTY

TEXAS - Vaccine Doses Administered
VACCINATIONS BY WEEK IN TEXAS



Source: Texas Department of State Health Services

As of April 26, Texas had administered at least one dose of vaccine to nearly 10.7 million people; nearly 7.3 million were fully vaccinated.

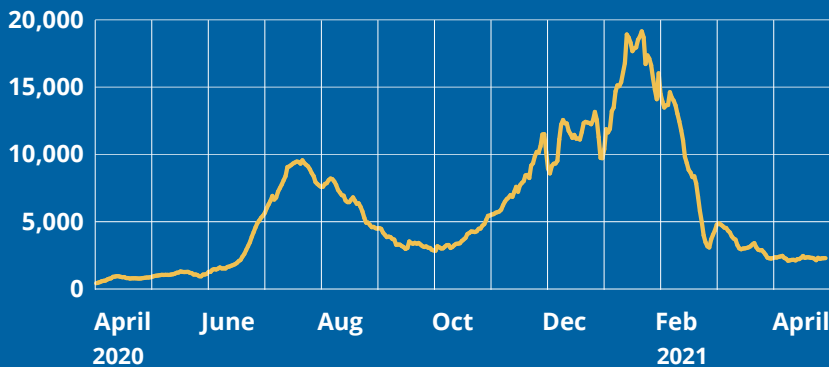
When the January BRE was finalized, Texas COVID case counts and hospitalizations were rising and the vaccine rollout had just begun. Case counts and hospitalizations have since fallen significantly, and vaccine administration is making substantial progress.

Texas remains well-positioned to eventually recover from the COVID outbreak and return to its norm of economic growth in excess of the national rate — if it hasn't already.

THE STATE'S FINANCIAL PICTURE IS STRONGER DUE TO THE DROP IN COVID CASES AND THE REOPENING OF THE TEXAS AND U.S. ECONOMIES.

BUT GLOBAL TROUBLES COULD BE A DRAG ON TEXAS GROWTH.

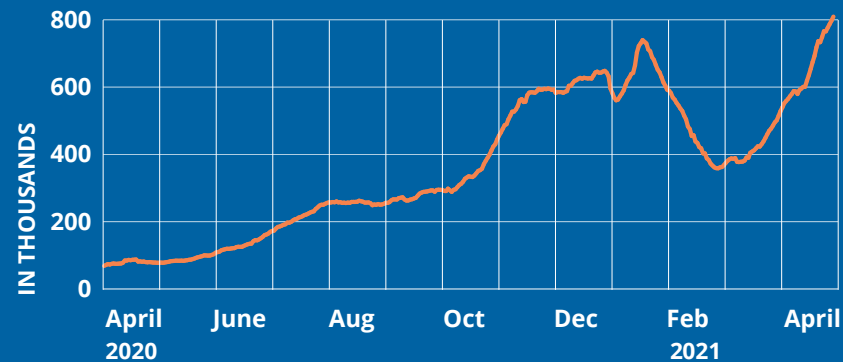
TEXAS - COVID-19 New Confirmed Cases
SEVEN-DAY MOVING AVERAGE



Source: Texas Department of State Health Services

Texas reported a cumulative total of nearly 2.5 million cases on April 26, 2021, with 1,390 new cases that day.

GLOBAL - COVID-19 New Confirmed Cases
SEVEN-DAY MOVING AVERAGE



Source: Our World in Data

Global reports of new COVID-19 infections plunged for the first time in January 2021 but resumed rapid growth in March, with significant outbreaks in India, Brazil and other nations.

ENERGY UNCERTAINTY

West Texas Intermediate (WTI) Crude Oil Price and NYMEX Futures Price

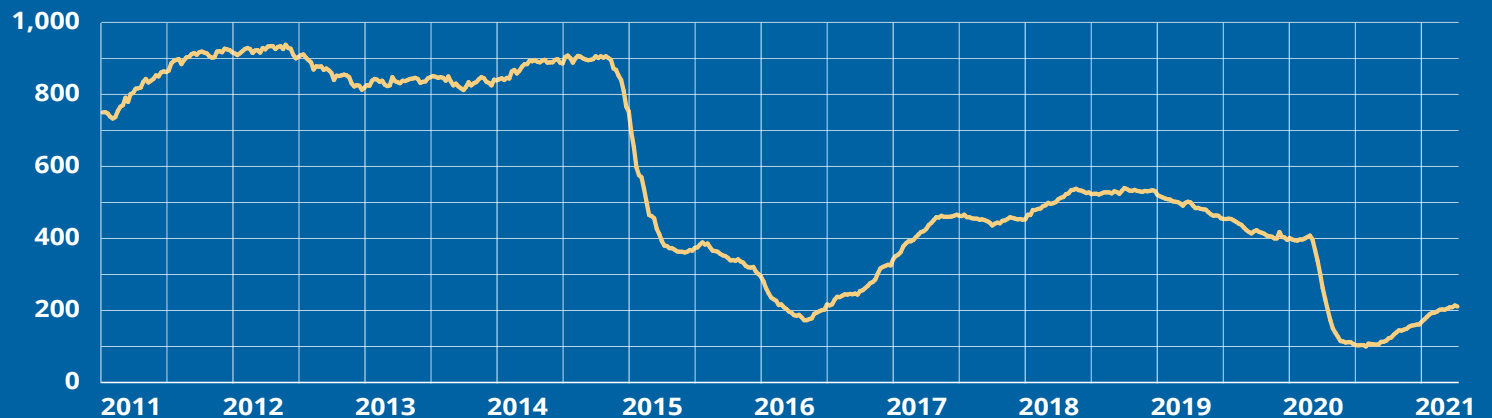


The oil and gas industry is important to the state economy, but energy prices are inherently volatile. In 2020, oil prices plunged and the state's rig count fell to levels not seen in 50 years; now the rig count has been increasing steadily for months and oil prices are trending upward. The rebound prompted an increase in the forecast for oil and gas revenues.

Note: Confidence interval derived from options market information for the five trading days ending April 1, 2021. Intervals not calculated for months with sparse trading in near-the-money options contracts.
Sources: U.S. Energy Information Administration Short-Term Energy Outlook, April 2021, and CME Group

THE PROJECTED INCREASE IN OIL AND NATURAL GAS PRODUCTION TAXES AFFECTS NOT ONLY GENERAL-PURPOSE SPENDING, BUT THE STATE HIGHWAY AND ECONOMIC STABILIZATION FUNDS, WHICH RECEIVE A PORTION OF THESE REVENUES

Rig Count/2011-2021



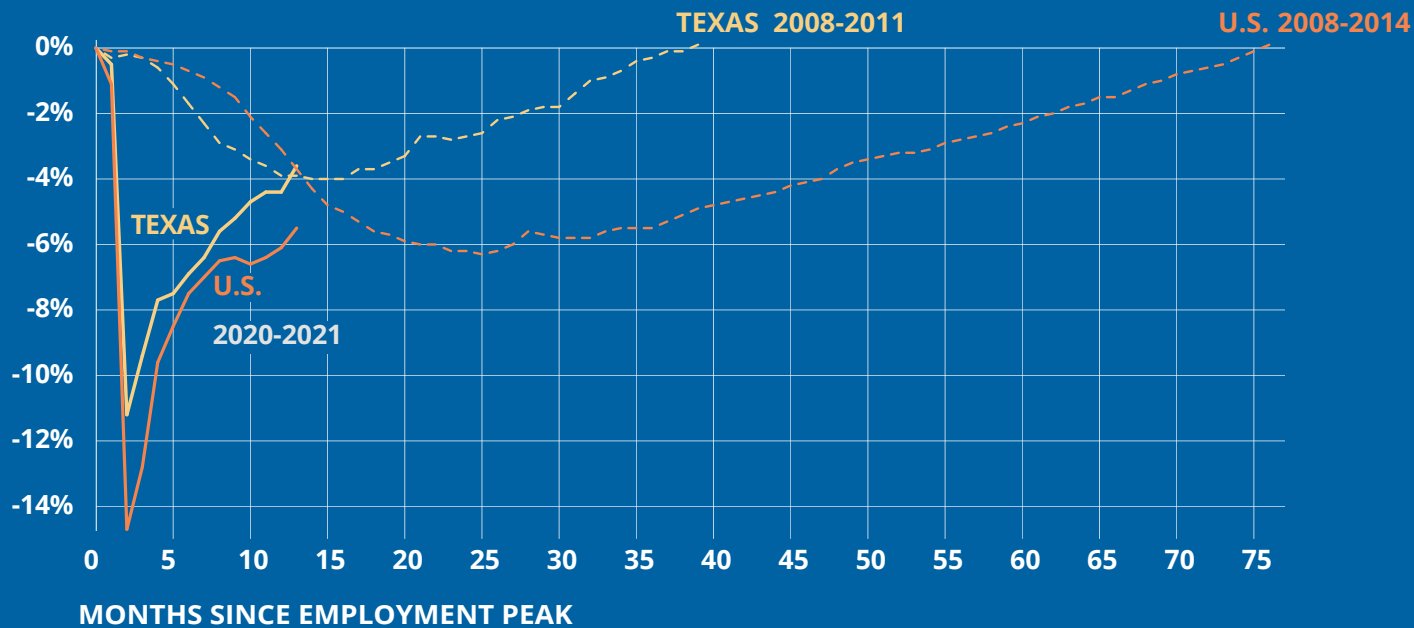
The rig count, which plummeted this summer, has increased in recent months but remains well below 2019 levels.

Source: Baker Hughes

EMPLOYMENT IN RECENT RECESSIONS

State employment peaked in February 2020 — then Texas lost more than 1.4 million jobs in two months. Job growth began rebounding strongly in May 2020, but Texas still had nearly 470,000 fewer jobs in March 2021 than in February 2020. The state unemployment rate of 6.9 percent is more than double the record low rates of 2019.

Texas and U.S. Employment Loss as Share of Peak Employment in the Great and 2020 Recessions



Sources: Texas Workforce Commission, U.S. Department of Labor and Texas Comptroller of Public Accounts