



GREATER HOUSTON
PARTNERSHIP

UPDATE



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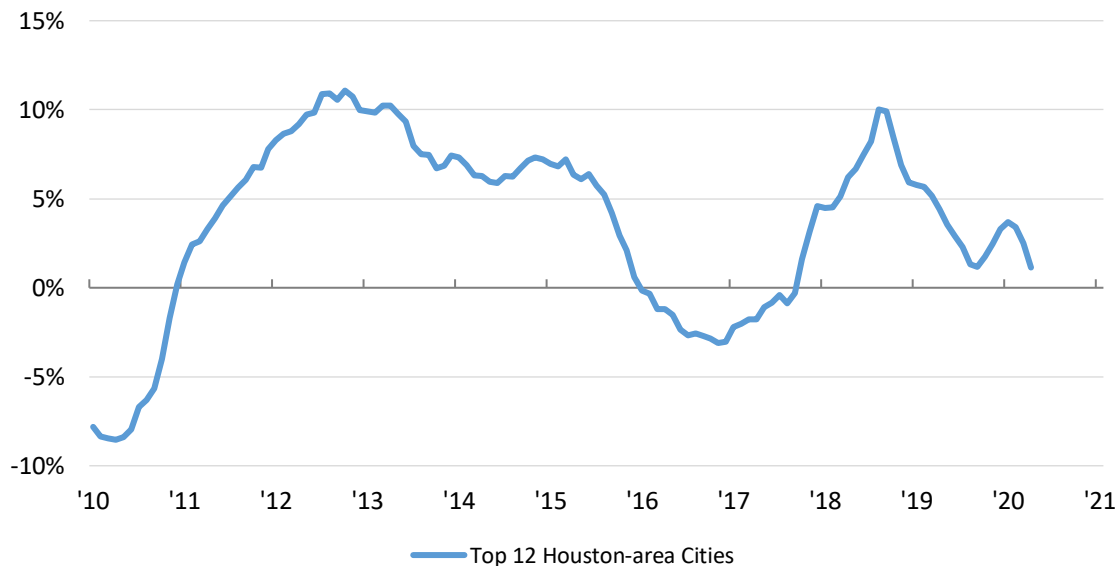
For the latest data, click [here](#).

June 16, 2020

SALES AND USE TAX COLLECTIONS

Sales and use tax collections for the 12 most populous Houston-area cities¹ totaled \$990.8 million in the 12 months ending April '20, up 1.1 percent from \$979.5 million for the same period in '19. Despite the 12-month change of 1.1 percent, collections have trended down in the past two months. Collections for the month of April totaled \$67.4 million, down 14.4 percent from \$78.7 million in April '19.

Sales Tax Collections, 12-Month Total Change



Source: Texas Comptroller of Public Accounts

Sales tax collections mirror trends in the overall Houston economy. During the fracking boom, sales tax collections grew at double-digit rates. The 12-month growth rate peaked at 11.1 percent in October '12. During the fracking bust of '15 and '16, sales tax collections fell. By March '17, collections had slipped 4.2 percent from their previous peak but began to improve the following month. As the region recovered in '17, sales tax collections resumed growing. Purchases made to replace goods damaged by Hurricane Harvey and materials purchased as part of the rebuilding effort helped boost retail sales, and

consequently sales tax collections. However, economic growth began to slow in '18 with a concurrent decline in tax collections. The regional economy began to show signs of improvement in early '20, but as COVID-19 led to stay-home orders and business closures, the economy contracted. Sales tax collections decreased in February and March, and April sales tax collections showed a substantial decline of 14.4 percent, largely because of retail and restaurant closures due to the pandemic.

Sales tax collections for the City of Houston fell 17.2 percent from April '19 to April '20, the largest decline in a decade. Despite the start of tourist season, Galveston had a 25.5 percent drop in collections from April '19 to April '20, recording the lowest collections yet this year for the city at \$1.4 million. Nine of the top 12 cities in the Houston region recorded losses in collections during that period, with four cities recording double-digit losses. However, sales tax collections increased 15.9 percent in League City from April '19 to April '20, and two other cities reported increases as well. League City voters [supported Proposition C in May '19](#) to raise the sales tax rate, which took effect October '19. The ¼ cent increase likely led to higher collections, although the city indicated its [revenue is still lower than budgeted](#) because of the effects of the pandemic on local businesses.

Houston Region Top 12 Cities Overview			
Sales Tax Allocations, \$ Millions			
City	Apr '20	Apr '19	% Change
Houston	46.6	56.2	-17.2
Conroe	3.5	3.6	-1.1
Sugar Land	3.1	4.0	-22.1
Pasadena	2.6	2.8	-8.2
Pearland	2.4	2.5	-2.0
League City	2.1	1.8	15.9
Texas City	1.7	2.0	-15.4
Baytown	1.6	1.7	-2.3
Galveston	1.4	1.9	-25.5
La Porte	0.9	0.9	0.9
Missouri City	0.8	0.8	-1.3
Friendswood	0.7	0.6	12.2
Total	67.4	78.7	-14.4

Source: Texas Comptroller of Public Accounts

ABOUT THE SALES AND USE TAX

Texas levies a 6.25 percent state sales and use tax on all retail sales, leases and rentals of most goods, as well as taxable services. Local taxing jurisdictions, like the City of Houston, can also impose up to 2.0 percent sales and use tax for a maximum combined rate of 8.25 percent. The City of Houston has a 1.0 percent sales and use tax rate. For the sales and use tax rates for the Top 12 cities in the Houston region, visit <https://www.houston.org/houston-data/sales-and-use-tax-rates>.

The Texas Comptroller releases allocated payments from the sales and use tax monthly. There is a two month delay between when the tax is collected and allocated.

¹ The 12 most populous cities in the region are Houston, Pasadena, Pearland, League City, Sugar Land, Conroe, Baytown, Missouri City, Galveston, Texas City, Friendswood and La Porte. As a group, they represent 80.0 percent of all sales tax collections in the region. The other 102 smaller cities account for the remaining 20.0 percent.

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