



GREATER HOUSTON
PARTNERSHIP

UPDATE



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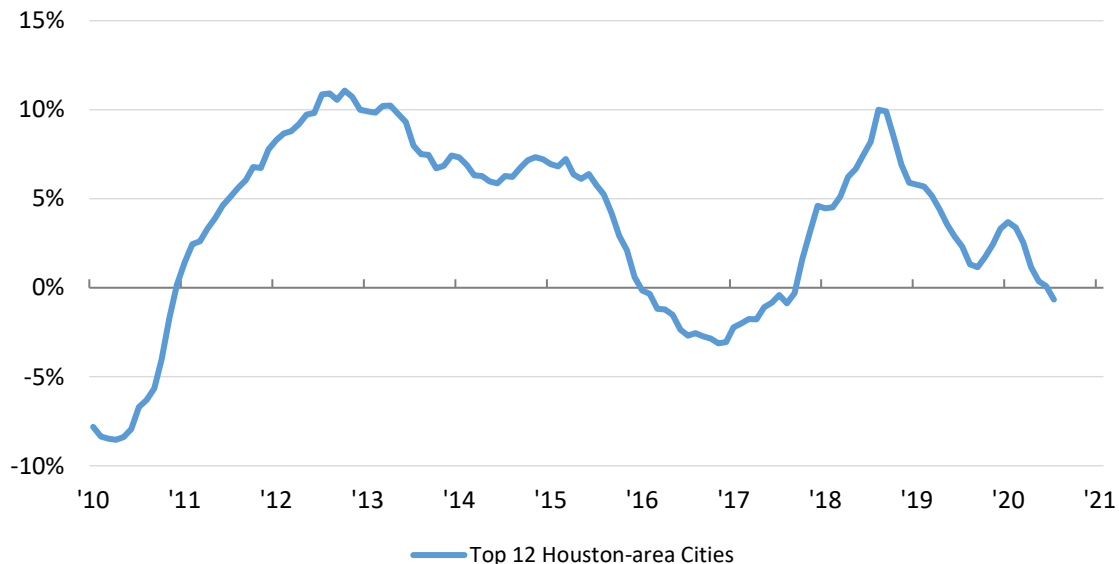
For the latest data, click [here](#).

September 15, 2020

SALES AND USE TAX COLLECTIONS

Sales and use tax collections for the 12 most populous Houston-area cities¹ totaled \$976.4 million in the 12 months ending July '20, down 0.7 percent from \$983.0 million for the same period in '19. Collections have trended down in the past three months. Collections for the month of July totaled \$75.3 million, down 6.6 percent from \$80.7 million in July '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 and by March '17, were down 4.2 percent from their previous peak. As the region recovered in '17, sales tax collections resumed growing as 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. Economic growth began

to slow again in '18 and tax collections follow. 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 began to improve as the restrictions eased, but July sales tax collections slipped again, declining 6.6 percent from July the previous year.

Sales tax collections for the City of Houston fell 7.4 percent from July '19 to July '20. Only two of the top 12 most populous cities in the Houston region recorded gains in collections during that period, and only League City reported double-digit increases. Galveston, La Porte, and Texas City had double-digit decreases. Sales tax collections increased 24.4 percent in League City from July '19 to July '20. League City voters [supported Proposition C in July '19](#) to raise the sales tax rate, which took effect October '19. The ¼ cent increase led to higher collections. The city has indicated that despite the increase in collections from last year, [revenue is still lower than budgeted](#).

Houston Region Top 12 Cities Overview			
<i>Sales Tax Allocations, \$ Millions</i>			
City	July '20	July '19	% Change
Houston	52.1	56.3	-7.4
Conroe	3.9	3.8	2.0
Sugar Land	3.9	4.2	-8.1
Pasadena	2.7	2.9	-7.7
Pearland	2.6	2.6	-2.0
League City	2.3	1.9	24.4
Galveston	1.9	2.3	-16.7
Texas City	1.8	2.2	-21.6
Baytown	1.6	1.7	-4.6
La Porte	0.9	1.1	-14.6
Missouri City	0.9	0.9	-1.2
Friendswood	0.7	0.7	-1.4
Total	75.3	80.7	-6.6

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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