



GREATER HOUSTON
PARTNERSHIP

UPDATE



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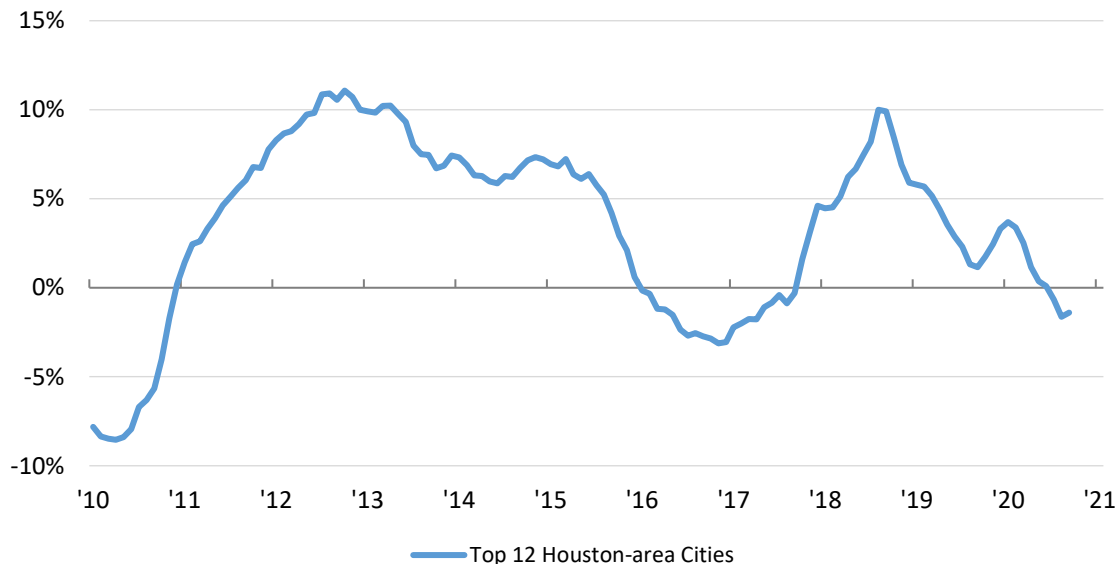
For the latest data, click [here](#).

November 16, 2020

SALES AND USE TAX COLLECTIONS

Sales and use tax collections for the 12 most populous Houston-area cities¹ totaled \$972.6 million in the 12 months ending September '20, down 1.4 percent from \$986.4 million for the same period in '19. Collections for the month of September totaled \$89.6 million, up 3.9 percent from \$86.2 million in September '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 and trended down thereafter.

During the fracking bust of '15 and '16, sales tax collections fell below the levels of '13 and '14 and by March '17 were down 4.2 percent from their previous peak. As the region recovered in '17, sales tax

collections grew again as purchases made to replace goods damaged by Hurricane Harvey and materials purchased as part of the rebuilding effort helped boost retail sales. Economic growth slowed again in '18 and tax collections followed. The regional economy showed signs of improvement in early '20 but as COVID-19 led to stay-home orders and business closures sales tax collections declined again.

Sales tax collections for the City of Houston rose 2.1 percent from September '19 to September '20, the first 12-month gain for the city since April. Nine of the 12 most populous cities in the Houston region also recorded gains in sales tax collections during this period, with three cities recording double-digit gains. Increased sales tax collections in the Houston-area may be due to reduced pandemic restrictions and higher spending online and at big box stores. In regards to League City, voters [supported Proposition C in September '19](#) to raise the sales tax rate, which took effect October '19. The ¼ cent increase led to higher collections.

Houston Region Top 12 Cities Overview			
<i>Sales Tax Allocations, \$ Millions</i>			
City	Sep '20	Sep '19	% Change
Houston	61.4	60.1	2.1
Conroe	5.4	4.0	35.2
Sugar Land	4.4	4.8	-7.6
Pasadena	3.3	3.3	0.7
Pearland	3.3	3.1	6.9
League City	2.7	2.1	27.9
Texas City	2.1	2.1	-3.9
Galveston	2.0	2.1	-2.8
Baytown	1.9	1.8	8.7
La Porte	1.1	1.1	2.3
Missouri City	1.1	0.9	15.2
Friendswood	1.0	0.9	8.2
Total	89.6	86.2	3.9

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. Cities with less than a 2 percent rate have additional sales and use tax rates that may be related to transit, crime control, emergency services and more. The Metropolitan Transit Authority of Harris County 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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