

SALES TAX REPORT

JULY 2023



Office of Economic Devolvement

Office: (210) 684-1391 ext 232

Cell: (210) 461-9321

Leon Valley July 2023 Sales Tax Report

Background

The sales tax information is provided monthly by the Texas Comptroller. The sales tax information is reported 2 months in arrears; therefore, this report reflects May actual sales tax figures.

The city collected \$ \$339,503 for July 2023. This amount is below the previous year's collection. However, it does continue the trend of above average collections. This amount is \$11,434 or 3.26% lower compared to the same month last year. The total through the period is \$281,790 or 9.1% higher than the same period last year. The collection for this month is also higher than the 3-year average of \$395,770.

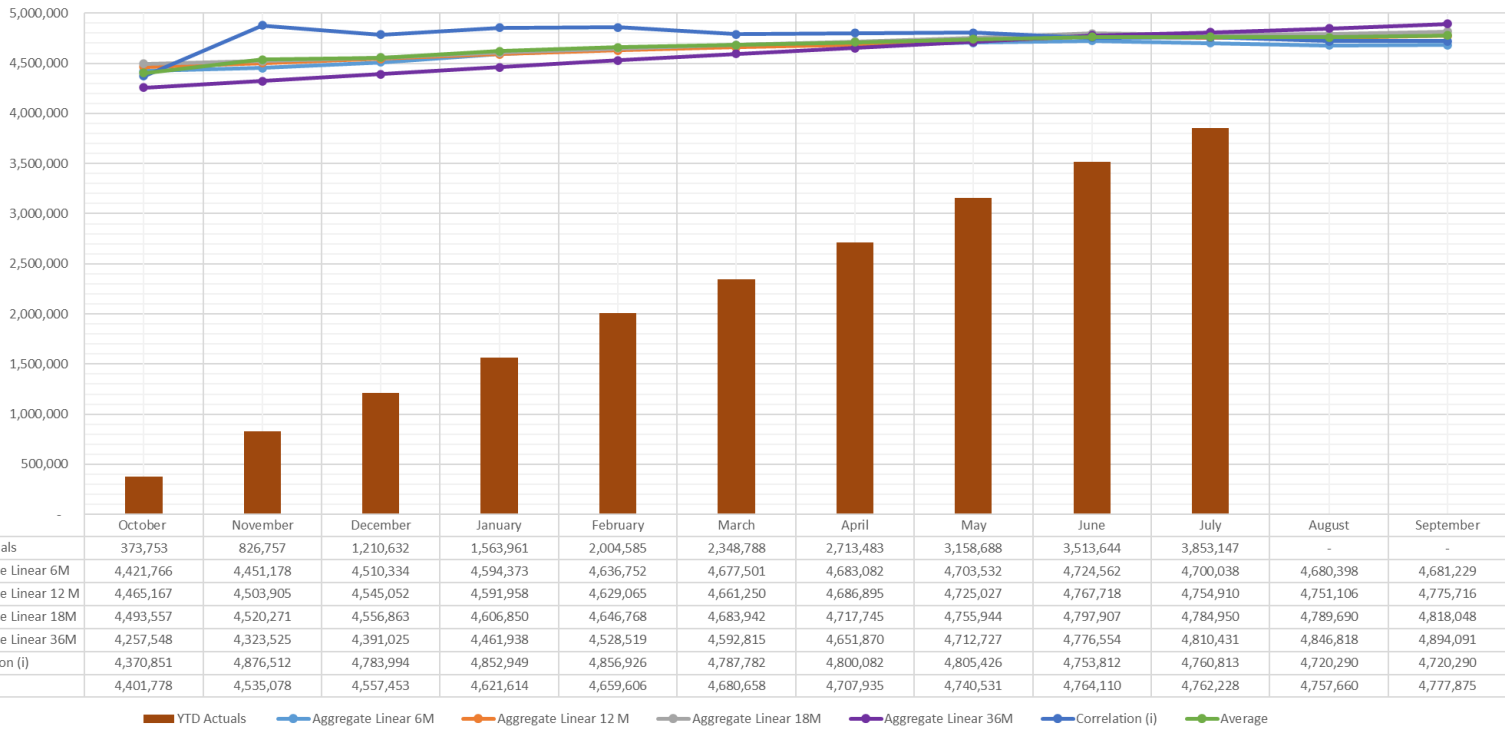
	FY 23 Actuals	FY 22 Actuals	FY 21 Actuals	FY 20 Actuals	20-22 YEAR AVERAGE
Oct	373,753	324,722	270,370	267,005	287,366
Nov	453,005	384,247	364,694	317,139	355,360
Dec	383,875	298,129	278,923	280,913	285,988
Jan	353,328	355,181	257,417	240,578	284,392
Feb	440,625	406,894	363,397	323,643	364,645
Mar	344,203	329,009	266,104	225,092	273,402
Apr	364,695	306,435	231,728	311,336	283,166
May	445,205	468,537	414,388	304,385	395,770
Jun	354,956	347,265	317,991	216,148	293,801
Jul	339,504	350,937	315,754	246,914	304,535
Aug		448,002	396,131	342,355	395,496
Sep		351,492	346,136	268,634	322,087
Grand Total	3,853,147	4,370,851	3,823,032	\$ 3,344,143	\$ 3,846,009

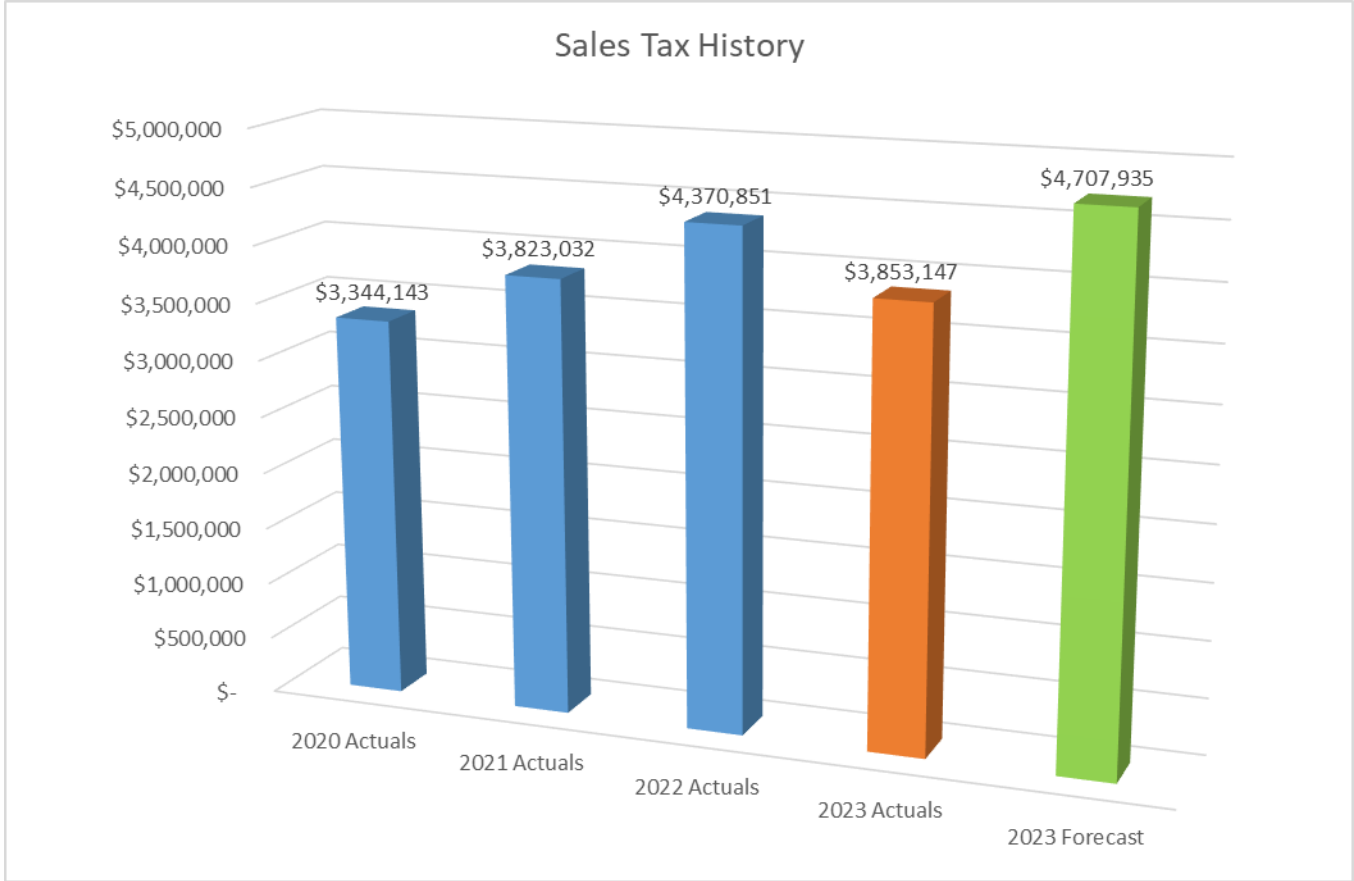


Forecast

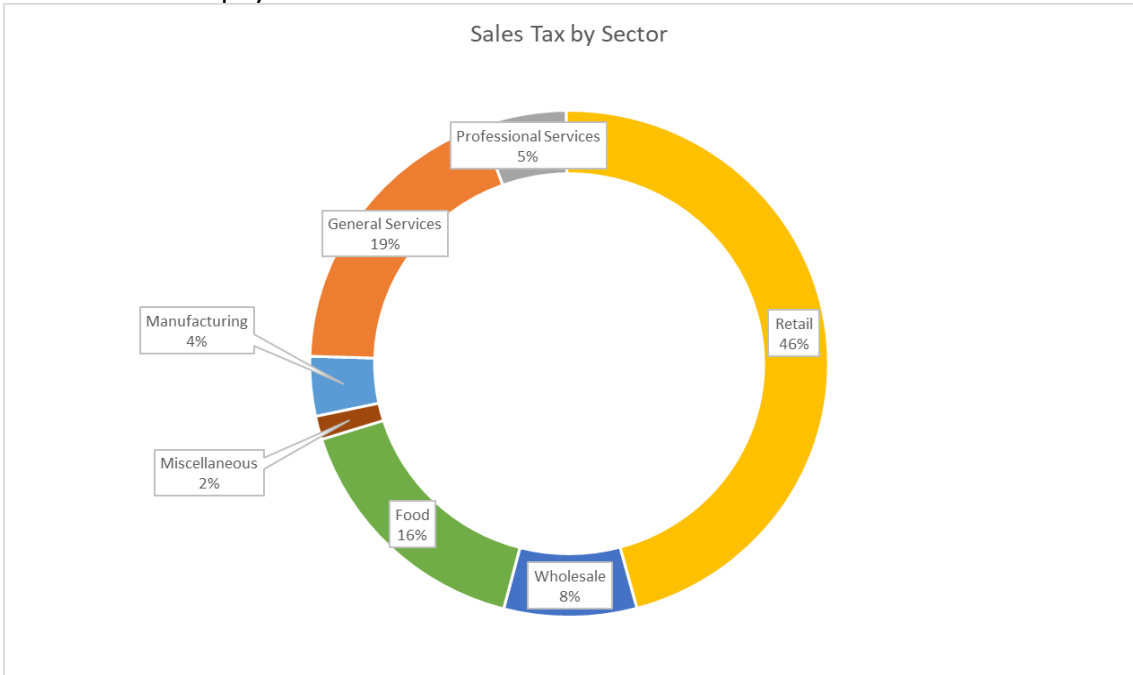
As a result of the higher-than-average sales tax collections, the forecast model is showing a higher forecast than the previous year's collections. Currently the projection for Sales Tax for FY 23 is between 4.65 and 4.70 million dollars. Other economic factors such as inflation and federal monetary policy will have a direct impact on sales tax activity.

Sales Tax Forecast





The City’s core sectors of retail, general services, and food represent about 80% of collections in any given month. The graph shows the average distribution for the City of Leon Valley. Monthly, staff reviews the confidential report from the state to ensure there are no major variances in the City’s core sales tax sectors and taxpayers.



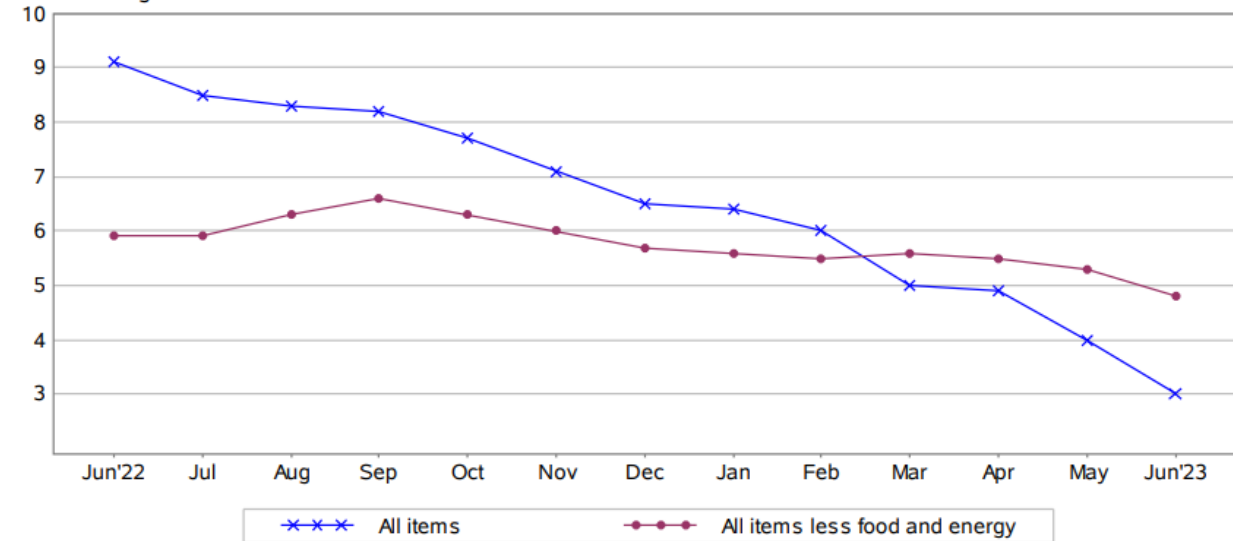
Major Economic Factors

US INFLATION

The all items index increased 3.0 percent for the 12 months ending June; this was the smallest 12-month increase since the period ending March 2021. The all items less food and energy index rose 4.8 percent over the last 12 months. The energy index decreased 16.7 percent for the 12 months ending June, and the food index increased 5.7 percent over the last year. ¹

If inflation in the overall economy continues to stay above the targeted 2% and wages do not increase, then spending on discretionary goods or non-essential products will decline. The index for shelter was the largest contributor to the monthly all items increase, accounting for over 70 percent of the increase. The city does not collect sales tax on most food and energy commodities, which are considered necessities.

Chart 2. 12-month percent change in CPI for All Urban Consumers (CPI-U), not seasonally adjusted, June 2022 - June 2023



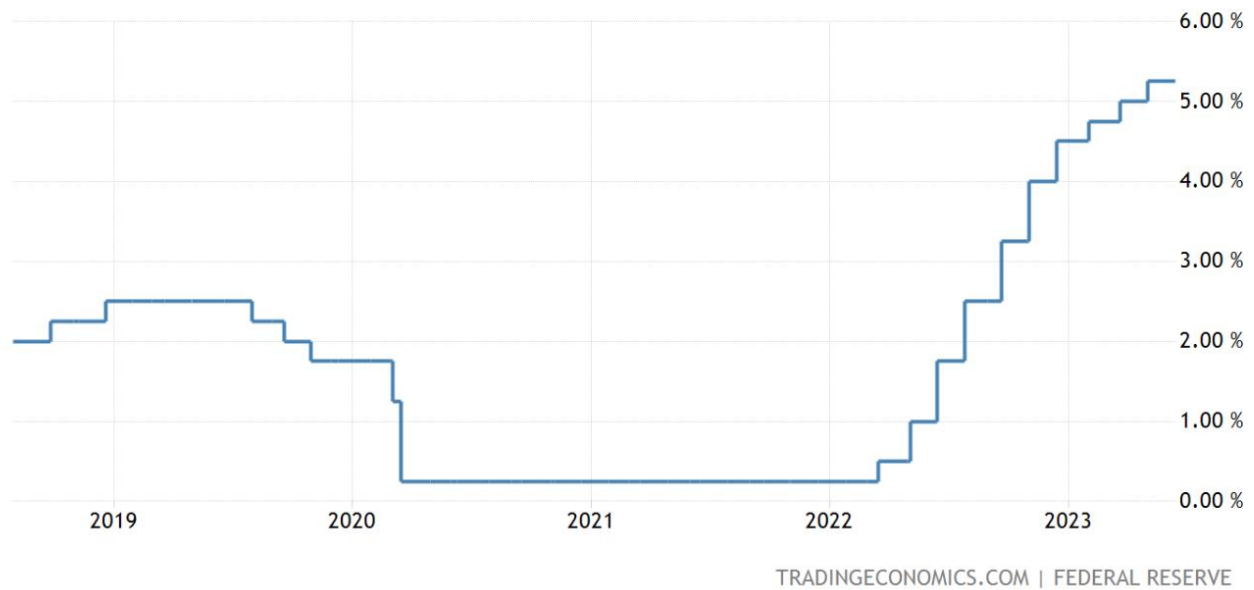
US Monetary Policy

At the start of the pandemic, the Federal Reserve lowered the interest rate banks pay to between 0.0% and 0.25%. This was done to make it easier and cheaper for banks to loan money out to the public and to avoid an economic recession or depression. However, as the country returned to pre pandemic activities the Federal Reserve increased interest rates, throughout 2022. The Federal Reserve has continued to raise rates into 2023 with an additional 0.25% in February, March, and May to help lower the soaring inflation. ²

¹ <https://www.bls.gov/news.release/pdf/cpi.pdf>

² <https://tradingeconomics.com/united-states/interest-rate>





Federal Reserve rate increases will decrease the amount of money available to spend on discretionary items as consumers will pay more in interest payments. An increase in rates has a direct impact on economic output, as increasing rates are meant to limit the amount of available money in the economy. Further, increases in rates cause businesses to reconsider capital investments and growth as borrowing costs rise.

Leon Valley, the San Antonio Metro Area, and the State of Texas

Leon Valley ranked 9th in the San Antonio Metro and 256th in the State of Texas for collections for the month of July.

There were many different suburban cities who saw a decrease from last year. This could be to the economic factors noted above. The overall metro area saw an increase of 3.43% from \$44,186,793 to \$4,570,684.

The State of Texas saw a small increase of 6.40% from \$655,587,004.12 to \$697,515,957.78.

Staff will continue to monitor the sales tax collections.



State Rank	City	Net Payment This Period	Comparable Payment Prior Year	Variance	% Change
2	San Antonio	\$38,888,678.01	\$36,809,503.55	\$2,079,174.46	5.64%
87	Schertz	\$1,539,524.65	\$1,430,552.55	\$108,972.10	7.61%
122	Live Oak	\$963,471.70	\$1,066,367.11	(\$102,895.41)	-9.64%
127	Helotes	\$940,353.76	\$1,561,783.87	(\$621,430.11)	-39.78%
144	Selma	\$791,891.34	\$718,785.05	\$73,106.29	10.17%
164	Windcrest	\$629,622.50	\$752,388.48	(\$122,765.98)	-16.31%
177	Universal City	\$582,529.00	\$547,053.02	\$35,475.98	6.48%
183	Cibolo	\$552,397.71	\$470,561.55	\$81,836.16	17.39%
256	Leon Valley	\$339,503.68	\$350,937.41	(\$11,433.73)	-3.25%
310	Alamo Heights	\$226,753.46	\$222,488.05	\$4,265.41	1.91%
383	Balcones Heights	\$134,611.93	\$138,614.71	(\$4,002.78)	-2.88%
503	Shavano Park	\$66,031.68	\$68,902.82	(\$2,871.14)	-4.16%
559	Kirby	\$46,315.42	\$48,855.67	(\$2,540.25)	-5.19%
Total		\$45,701,684.84	\$44,186,793.84	\$1,514,891.00	3.43%

