



DECEMBER
2024



SALES TAX REPORT



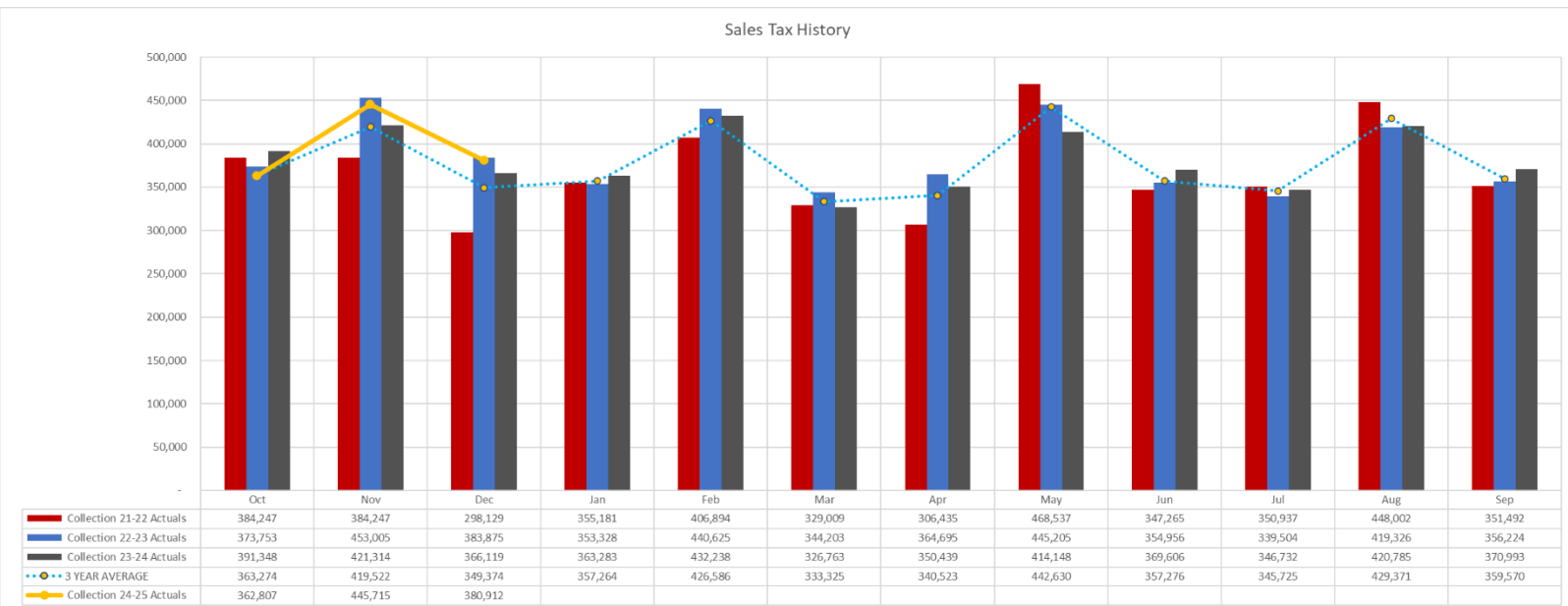
Leon Valley December 2024 Sales Tax Report

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 October actual sales tax figures. This report is not an official finance or budget report. The amount shown is what was reported to the City on the current month. This report is to show economic trends that affect sales tax collections. An official finance or budget report that includes sales tax collections must be requested from the finance department.

The December report shows that the city collected \$380,912. This amount is \$14,792 or 4.04% higher compared to the same month last year. The collection for this month is above the 3-year average of \$349,374.

	Collection 24-25 Actuals	Collection 23-24 Actuals	Collection 22-23 Actuals	Collection 21-22 Actuals	3 YEAR AVERAGE
Oct	362,807	391,348	373,753	324,722	363,274
Nov	445,715	421,314	453,005	384,247	419,522
Dec	380,912	366,119	383,875	298,129	349,374
Jan		363,283	353,328	355,181	357,264
Feb		432,238	440,625	406,894	426,586
Mar		326,763	344,203	329,009	333,325
Apr		350,439	364,695	306,435	340,523
May		414,148	445,205	468,537	442,630
Jun		369,606	354,956	347,265	357,276
Jul		346,732	339,504	350,937	345,725
Aug		420,785	419,326	448,002	429,371
Sep		370,993	356,224	351,492	359,570
Grand Total	1,189,434	4,573,769	4,628,697	\$ 4,370,851	\$4,524,439



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2024-2025 Forecast

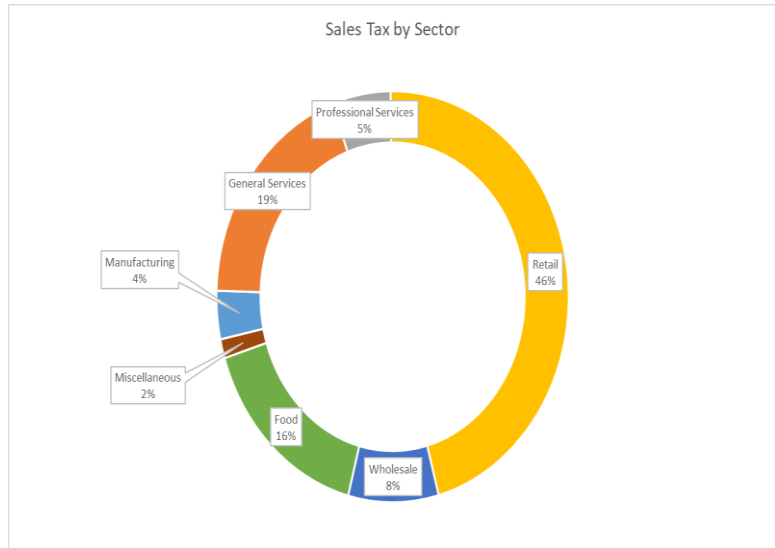
The City collected a total of \$4,573,769 over the 12-month period from October 2023 through September 2024. This is a drop from the 12-month period of \$54,928 or 1.19%; however, that was expected with a higher than inflation rate in the last 24 months. Further the City saw a one-time audit collection of \$73,334 in 2022-2023 period, which further boosted the higher amount in the previous period. In the March report city staff forecasted a collection of 4.6 million dollars for the 12-month period. The actual reported amount of \$4,573,769 is lower than forecasted, however, this only represents a variance of \$26,237 or 0.57%. Staff expect sales tax collections continue to lower to normal levels. The current range is from 4.5 to 4.7 million dollars. The forecast will tighten as we collect more data throughout the year.



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The City’s core sectors are 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.

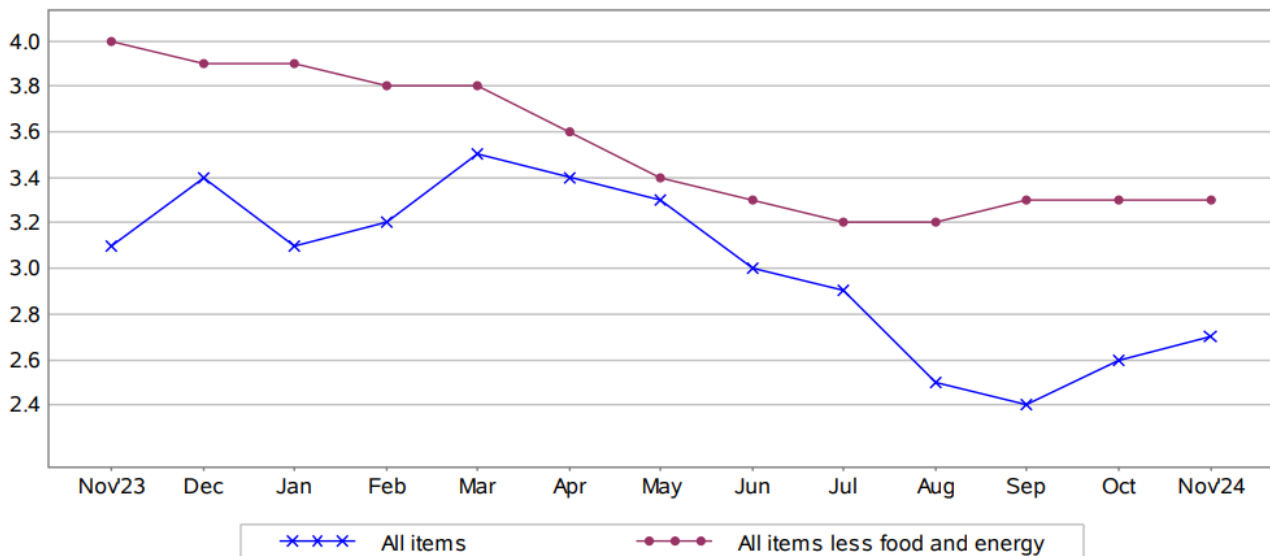


Major Economic Factors

US INFLATION

The all items index rose 2.7 percent for the 12 months ending November, after rising 2.6 percent over the 12 months ending October. The all items less food and energy index rose 3.3 percent over the last 12 months. The energy index decreased 3.2 percent for the 12 months ending November. The food index increased 2.4 percent over the last year. ¹

Chart 2. 12-month percent change in CPI for All Urban Consumers (CPI-U), not seasonally adjusted, Nov. 2023 - Nov. 2024
Percent change



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



US Montney 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 and 2023, to combat record high inflation.



2

The increase in rates influences how much money can be spent on the economy. The interest rates affect credit card rates, business loans, car loans, mortgage rates, and more. The increase was felt especially in the housing market as the average mortgage rate has increased significantly since 2020. The average mortgage rate in October 2020 was just under 3% , compared to 6.75% in December of 2024. A home priced at \$350,000 will result in consumers paying on average \$673 more per month and \$242,280 over 30 years in interest payments, due to the higher interest rates.

Item	2022	2024	Variance
Home Price	\$ 350,000	\$ 350,000	\$ -
Interest rate	2.75%	6.75%	4.0%
Down Payment 20%	\$ 70,000	\$ 70,000	\$ -
Loan Amount	\$ 280,000	\$ 280,000	\$ -
Mortgage Payment	\$ 1,143	\$ 1,816	\$ 673
Property Tax ²	\$ 350	\$ 350	\$ -
Home Insurance	\$ 125	\$ 125	\$ -
Total Monthly Payment	\$ 1,618	\$ 2,291	\$ 673
Home Price	\$ 350,000	\$ 350,000	\$ -
Interest rate	2.75%	6.75%	4.0%
Down Payment 20%	\$ 70,000	\$ 70,000	\$ -
Loan Amount	\$ 280,000	\$ 280,000	\$ -
Total Interest paid	\$ 131,507	\$ 373,787	\$ 242,280
Total 360 Payments	\$ 411,507	\$ 653,787	\$ 242,280

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



The Federal Reserve cut interest rates by a quarter point on December 18, 2024, bringing the target range to 4.25% to 4.5%. The central bank revised its outlook for rate cuts in 2025, however, indicating that there will be two reductions. That’s down from the four forecasts in September. Fed Chair Jerome Powell said that the central bank would be looking for progress on inflation, noting, “We have been moving sideways on 12-month inflation.”³

The inflation rate is within range of the 2% goal; however, prices for food and housing remained high. The city does not collect sales tax on most food, energy commodities, or housing which are considered non-discretionary items and mostly are not taxable. Inflation rates in these sectors have a direct impact on the sales tax collection of the City.

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

Leon Valley ranked 10th in the San Antonio Metro and 243rd in the State of Texas for collections reported in December.

The overall metro area also saw an increase of around \$2.1 million or 4.64% from \$46,198,524 to \$48,343,825.

The State of Texas saw a decrease of 5.69% from \$ 681,590,369 to \$720,342,439.

Staff will continue to monitor the sales tax collections.

State Rank	City	Net Payment This Period	Comparable Payment Prior Year	\$ CHANGE	% Change
2	San Antonio	\$40,705,801	\$38,839,950	\$1,865,850	4.80%
83	Schertz	\$1,693,860	\$1,607,966	\$85,893	5.34%
124	Live Oak	\$954,521	\$917,861	\$36,660	3.99%
142	Helotes	\$818,952	\$835,117	(\$16,165)	-1.94%
144	Selma	\$805,264	\$688,126	\$117,138	17.02%
166	Universal City	\$654,252	\$587,035	\$67,217	11.45%
183	Cibolo	\$570,474	\$568,706	\$1,769	0.31%
193	Windcrest	\$530,994	\$650,390	(\$119,395)	-18.36%
194	Converse	\$526,236	\$505,121	\$21,116	4.18%
243	Leon Valley	\$380,912	\$366,119	\$14,792	4.04%
314	Alamo Heights	\$234,364	\$203,341	\$31,023	15.26%
353	Balcones Heights	\$177,591	\$156,648	\$20,943	13.37%
370	Castle Hills	\$164,779	\$149,607	\$15,172	10.14%
513	Shavano Park	\$68,170	\$68,240	(\$70)	-0.10%
541	Kirby	\$57,653	\$54,296	\$3,357	6.18%
Total		\$48,343,825	\$46,198,524	\$2,145,300	4.64%

³ <https://www.cnbc.com/2024/12/18/fed-meeting-live-updates-traders-await-december-interest-rate-cut.html>

