

JANUARY
2025



SALES TAX REPORT



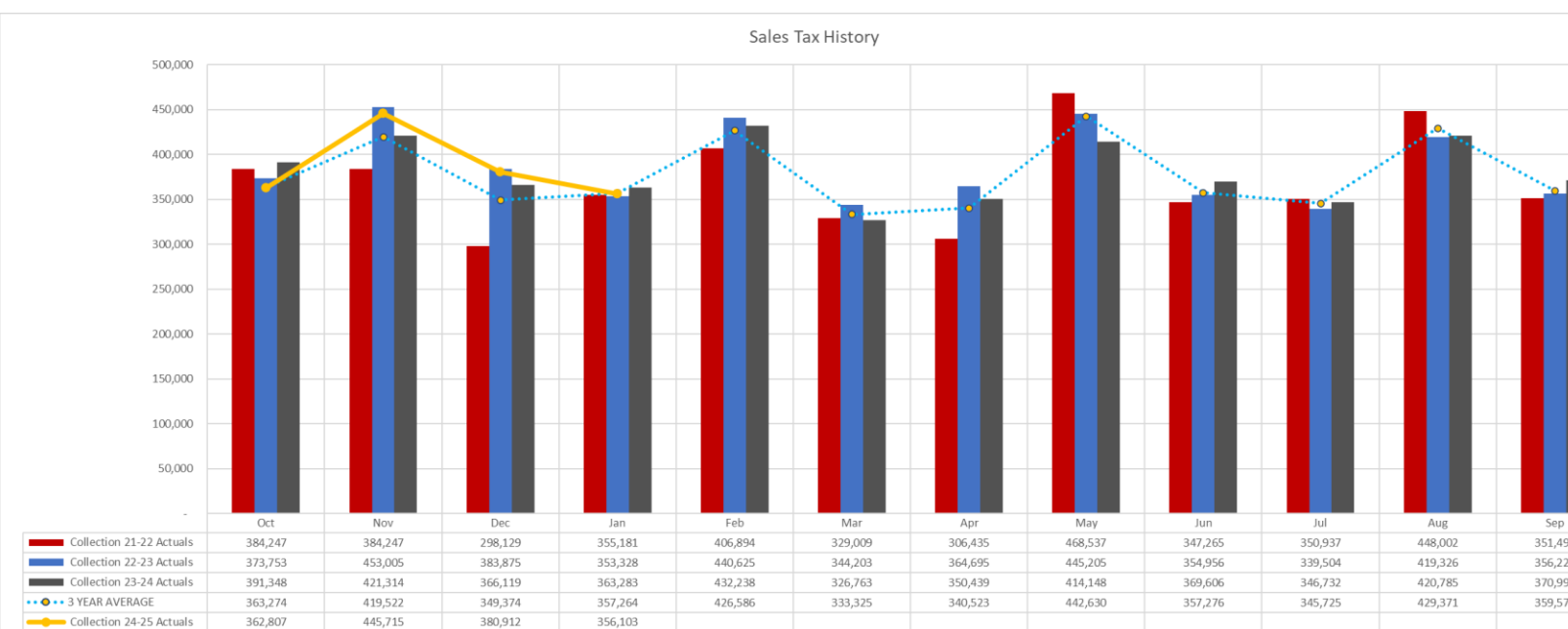
Leon Valley January 2024 Sales Tax Report

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.

| | 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 | 356,103 | 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 | 1,545,537 | 4,573,769 | 4,628,697 | \$ 4,370,851 | \$4,524,439 |

The January report shows that the city collected \$356,103. This amount is \$7,180 or 1.98% lower compared to the same month last year. The collection for this month is also lower than the 3-year average of \$357,264.

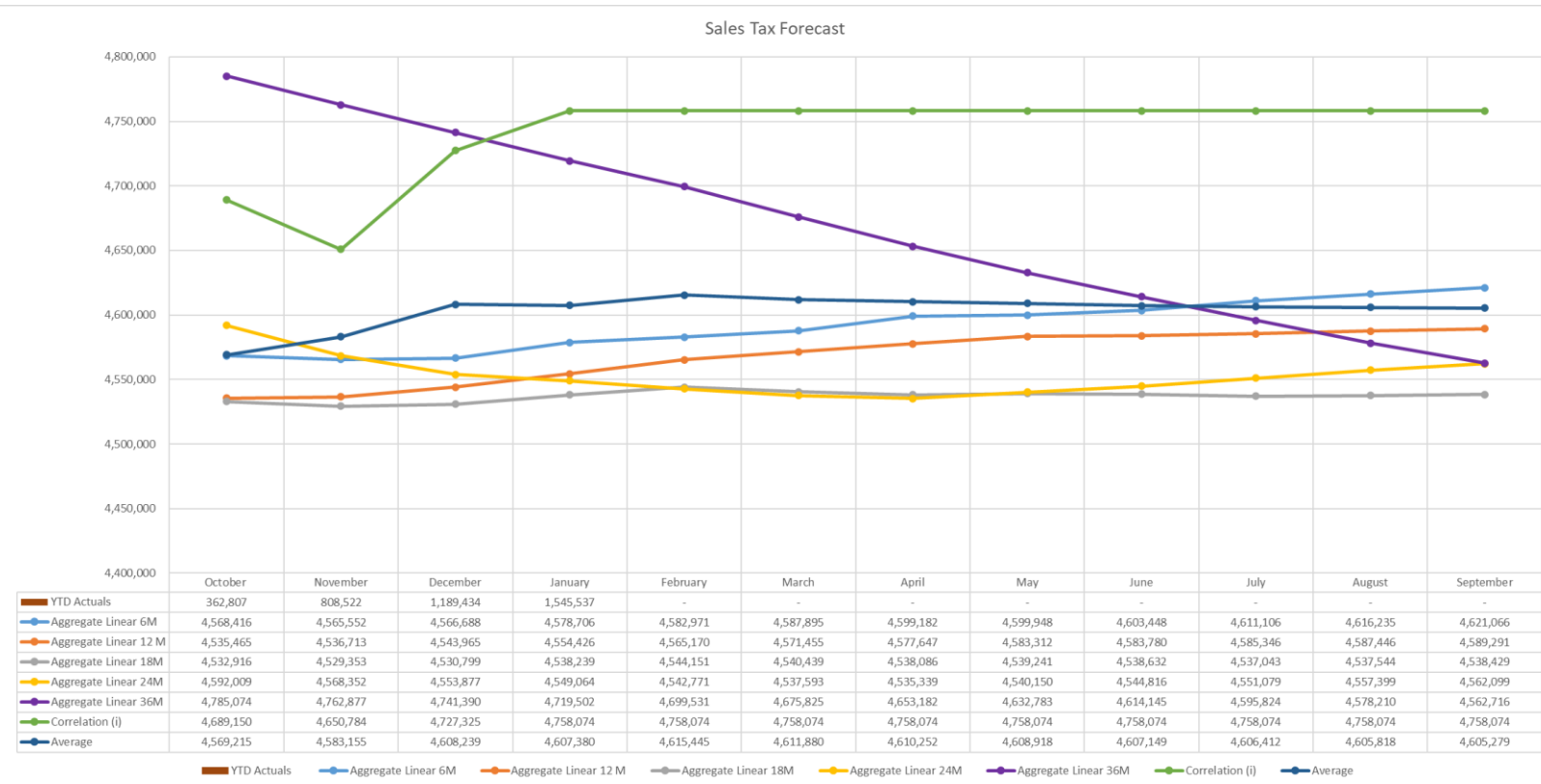


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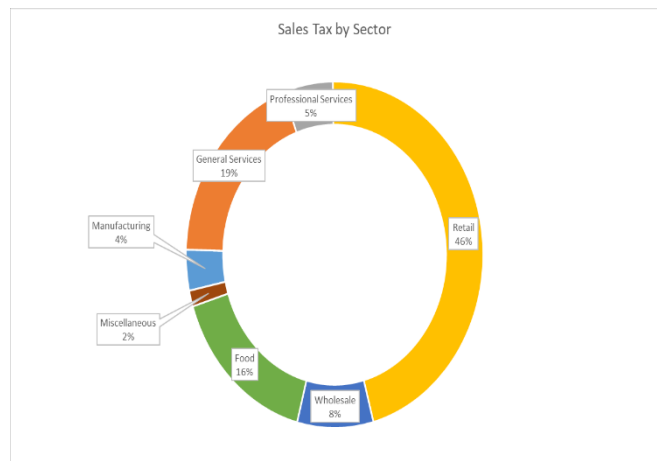


2024-2025 Forecast

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.



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.



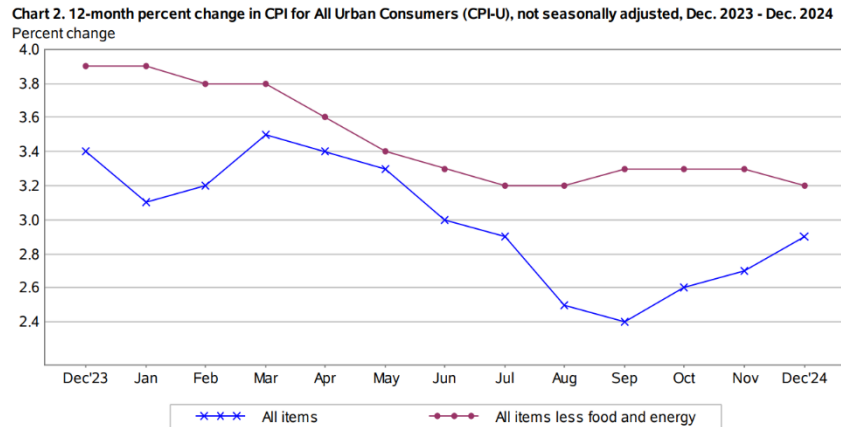
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Major Economic Factors

US INFLATION

The all items index rose 2.9 percent for the 12 months ending December, after rising 2.7 percent over the 12 months ending November. The all items less food and energy index rose 3.2 percent over the last 12 months. The energy index decreased 0.5 percent for the 12 months ending December. The food index increased 2.5 percent over the last year. ¹



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. 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.

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.”²

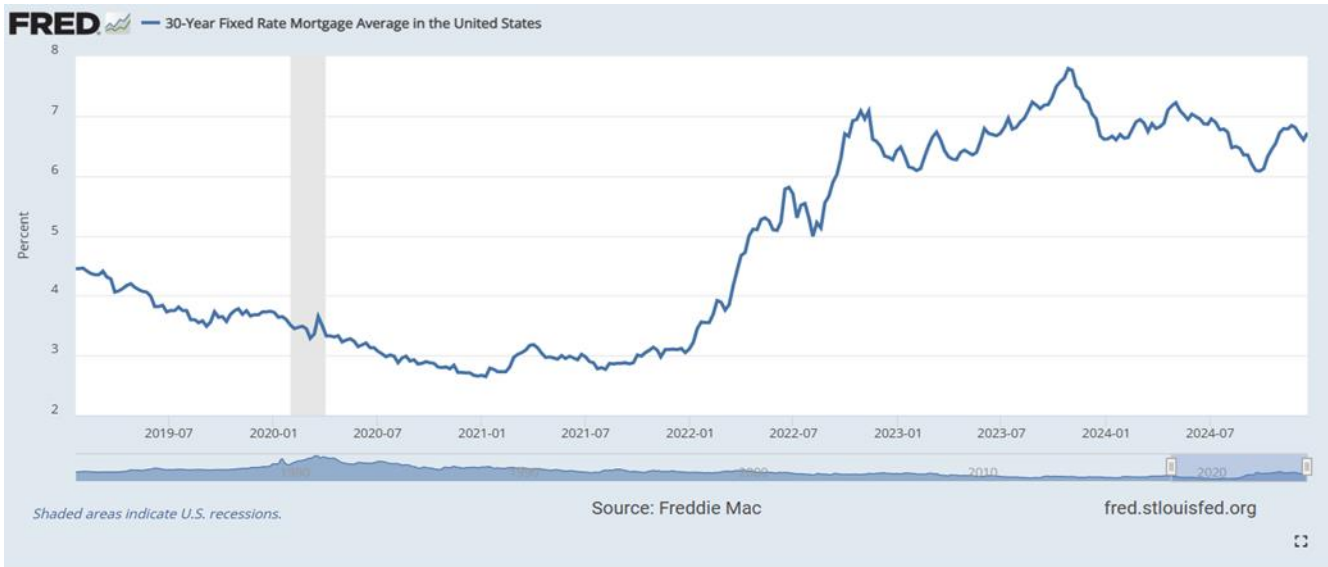
| Item | 2022 | 2024 | Variance |
|------------------------------|-------------------|-------------------|-------------------|
| Home Price | \$ 350,000 | \$ 350,000 | \$ - |
| Interest rate | 2.75% | 6.75% | 4.0% |
| Down Payment 20% | \$ 70,000 | \$ 70,000 | \$ - |
| Loan Amount | \$ 280,000 | \$ 280,000 | \$ - |
| 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 |

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

² <https://www.cnbc.com/2024/12/18/fed-meeting-live-updates-traders-await-december-interest-rate-cut.html>



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.³



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

Leon Valley ranked 10th in the San Antonio Metro and 245th in the State of Texas for collections reported in January. The overall metro area also saw a decrease of around \$900k or 2% from \$46,310,265 to \$45,408,529. The State of Texas saw a decrease of 0.32% from \$669,371,042 to \$667,146,219.

| State Rank | City | Net Payment This Period | Comparable Payment Prior Year | \$ Change | % Change |
|--------------|------------------|-------------------------|-------------------------------|--------------------|---------------|
| 2 | San Antonio | \$37,855,171 | \$38,992,818 | (\$1,137,647) | -2.92% |
| 86 | Schertz | \$1,589,629 | \$1,482,103 | \$107,526 | 7.25% |
| 107 | Live Oak | \$1,146,221 | \$1,008,742 | \$137,479 | 13.63% |
| 134 | Selma | \$844,187 | \$790,262 | \$53,925 | 6.82% |
| 152 | Helotes | \$711,893 | \$804,885 | (\$92,992) | -11.55% |
| 163 | Cibolo | \$630,889 | \$569,841 | \$61,048 | 10.71% |
| 174 | Universal City | \$588,333 | \$575,137 | \$13,196 | 2.29% |
| 191 | Converse | \$514,311 | \$497,436 | \$16,875 | 3.39% |
| 212 | Windcrest | \$451,229 | \$573,314 | (\$122,085) | -21.29% |
| 245 | Leon Valley | \$356,103 | \$363,283 | (\$7,180) | -1.98% |
| 310 | Alamo Heights | \$232,161 | \$209,766 | \$22,395 | 10.68% |
| 333 | Castle Hills | \$194,318 | \$166,080 | \$28,238 | 17.00% |
| 350 | Balcones Heights | \$175,595 | \$158,987 | \$16,608 | 10.45% |
| 526 | Shavano Park | \$61,094 | \$70,931 | (\$9,837) | -13.87% |
| 541 | Kirby | \$57,397 | \$46,679 | \$10,718 | 22.96% |
| Total | | \$45,408,529 | \$46,310,265 | (\$901,736) | -1.95% |

³ <https://tradingeconomics.com/united-states/interest-rate>

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