

MAY 2022

# FISCAL NOTES

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## Inflation and the Economy

By Spencer Grubbs



### STEEP RISE IN PRICES PUTS INFLATION IN THE SPOTLIGHT

Inflation is a word most of us don't like to hear because it correlates to higher prices. But it is a normal economic phenomenon that generally goes unnoticed if kept in check — meaning prices increase slightly over time. Such increases are a part of modern economic life and are necessary for economic growth. Inflation enters the spotlight only when it is abnormally high or low.

In recent months, inflation has grabbed our attention. Texas and the U.S. are experiencing the highest level of inflation since the early 1980s. Inflation puts pressure on everyone in tangible ways, but *why* it occurs may be less obvious to the average consumer.

#### INFLATION BASICS

Inflation is the rate of increase in prices over time. By one measure, it describes an increase in prices for specific items such as gasoline. In April, the inflation rate for energy, which includes energy commodities and energy services,

was up by 30 percent. Anyone who's made a trip to the gas pump in recent months is familiar with some of these rising costs.

Typically, however, we define inflation more broadly to mean an increase in prices for everything, from housing and utilities to groceries and clothing. Prolonged periods of high inflation often result when an economy's money supply grows faster (e.g., via stimulus checks, additional credit, more money being printed) than its ability to produce goods and services. As more money circulates, the value of a dollar diminishes, and prices rise to compensate.

JoJo Estrada, an economist for the Comptroller's office, says that long periods of high inflation can have painful consequences. If left unchecked, the continued rise in prices erodes purchasing power. On the other hand, taming inflation by raising interest rates can result in slower economic growth and increased unemployment.

(CONTINUED ON PAGE 3)

# A Message from the Comptroller



Chances are that you and your family members have discussed recent price increases for groceries and other essentials, dinner at your favorite restaurant or tickets to a show at a nearby music venue. Prices have been going up for pretty much all our needs (and wants) since mid-2021, but in the past few months, the increases have been staggering.

In this issue of *Fiscal Notes*, we take a close look at inflation and its role in the economy. And there's no better time to do it: Inflation shot up to 8.5 percent in March and 8.3 percent in April this year, the highest year-over-year changes in consumer prices since January 1982. Inflation is good for the economy when it hovers around 2 percent, as prescribed by the Federal Reserve System (the Fed), because it promotes price stability and a healthy level of employment. But when it's too high — or too low — inflation can throw a wrench into the gears of our economy.

Today's inflation rate is particularly concerning for low-income Texans, who are disproportionately affected. Compared with their higher-income counterparts, low-income households spend a much larger share of their take-home pay on the very goods and services that keep getting more expensive.

To pump the brakes on inflation, the Fed has been increasing interest rates — 0.25 percent in mid-March followed by another 0.5 percent in May, the highest increase since 2000. There is a catch: these actions will increase borrowing costs and may even cause a spike in unemployment. Only time will tell.

Inflation, the coronavirus pandemic, supply chain issues and turmoil in Eastern Europe have taken an economic toll on Texas, but there's also cause for optimism. Despite challenges over the past two years, Texas has retained its position as the most appealing state for business expansions and relocations.

Numerous companies have moved their headquarters to our great state or expanded operations here. And these trends aren't happening by accident. Texas is known around the country for its business-friendly traits, whether it be the lack of personal income taxes, good quality of life or the state's skilled workforce. Samsung, for example, has announced a new \$17 billion manufacturing facility north of Austin that will bring the company's total investment in the state to more than \$35 billion. Why move to Texas? It might be easier to ask, "Why not?"

As always, I hope you find this issue informative!

**Glenn Hegar**

Texas Comptroller of Public Accounts

## TEXAS SUPPLY CHAIN

### AUTOMOTIVE

ONE IN A SERIES OF REPORTS THE COMPTROLLER HAS PREPARED ON TEXAS SUPPLY CHAINS

Motor vehicles and parts are some of the most highly traded products in the world, facilitated by sophisticated and complex supply chain networks. General Motors, for example, spends \$80 billion annually across roughly 15,000 global suppliers.

Though this supply chain network enhances industry productivity and efficiency, it also leaves space for supply disruptions, due in part to the size and complexities of its networks.

**IN 2020**  
TEXAS AUTOMOBILE  
MANUFACTURING JOBS

TEXAS AUTOMOBILE  
MANUFACTURING GDP

TEXAS AUTOMOBILE  
MANUFACTURING  
EXPORTS

38,724

\$15.1 BILLION

\$11.7 BILLION

Sources: JobsEQ; U.S. Census Bureau, USA Trade Online

### Automobile Manufacturing Supply Chains

Global automakers were expected to produce up to 5 million fewer cars than planned in 2021, largely due to a global shortage of semiconductors.

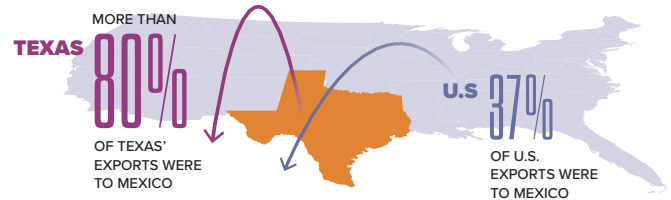
In response, automotive leaders planned several strategies to build greater resilience in their supply chains, including:

- DUAL SOURCING OF RAW MATERIALS.
- REGIONALIZING SUPPLY CHAIN.
- INCREASING INVENTORY OF CRITICAL PRODUCTS.
- INVESTING IN DIGITAL TECHNOLOGIES TO ENHANCE SUPPLY CHAIN VISIBILITY.
- NEARSHORING OR EXPANDING SUPPLIER BASE.

### Automobile Manufacturing Industry

Between 2001 and 2019, the gross domestic product (GDP) of Texas' automobile manufacturing industry (including motor vehicles, bodies and trailers, and parts) rose by an inflation-adjusted **285 PERCENT**.

#### MOTOR VEHICLE PARTS, EXPORTS TO MEXICO, 2020



Sources: U.S. Census Bureau, USA Trade Online; Texas Comptroller of Public Accounts analysis

TEXAS EXPORTS IN VEHICLE PARTS WERE \$8.3 BILLION IN 2020, ACCOUNTING FOR 19 PERCENT OF THE U.S. TOTAL.

### Automobile Manufacturing Trade

In 2020, all Texas automobile manufacturing imports totaled **\$38.3 BILLION** (14 percent of U.S. total), and the state had **\$11.7 BILLION** in exports (about 11 percent of the U.S. total).

Motor vehicle parts accounted for the bulk of the state's automobile-related exports at nearly **\$8.3 BILLION**, or 71 percent in 2020. That compares to a 40 percent share nationwide, reflecting the importance of these products to Texas.

TO SEE INFORMATION ON TEXAS SUPPLY CHAINS AND THE TEXAS ECONOMY:  
[comptroller.texas.gov/economy/economic-data/supply-chain/](http://comptroller.texas.gov/economy/economic-data/supply-chain/)

If you would like to receive a paper copy of *Fiscal Notes*, contact us at [fiscal.notes@cpa.texas.gov](mailto:fiscal.notes@cpa.texas.gov).

Falling prices, or deflation, can be just as bad or worse for a country's economy. Japan has experienced chronic deflation since the late 1990s, resulting in a stagnant economy and a decline in average nominal wages. Falling prices reduce profits and force companies to lay off employees or abstain from raising employee pay. Unemployment and sluggish wages, in turn, dampen consumer spending, which puts pressure on businesses to increase demand by lowering prices even more. This deflation-induced cycle is difficult to overcome.

So, what is the right amount of inflation? The Federal Reserve (the Fed), the central bank of the U.S., considers a 2 percent inflation rate in the long term "the most consistent with the [institution's] mandate for maximum employment and price stability." At this rate, inflation is low, stable and predictable enough to encourage households and businesses to make sound spending and investment decisions — the linchpins of a healthy economy.

## INFLATION'S LONG HISTORY

A prolonged period of inflation in the U.S. — dubbed the Great Inflation by the Fed — stretched nearly two decades, from 1965 through 1982. Inflation rose steadily from under 2 percent in 1965, peaking once at 11 percent in 1974 and again at 13.6 percent in 1980 (Exhibit 1). At the core of the Great Inflation were numerous fiscal strains on the economy, including:

- *Defense spending on the Vietnam War, which escalated in the 1960s and ended in 1975.*
- *Funding for new domestic social programs, such as Medicare and Medicaid, implemented by President Lyndon B. Johnson's Great Society initiative.*
- *Multiple energy crises in the 1970s involving the Middle East that spurred oil price hikes.*

Additionally, monetary policies put in place at the end of World War II proved unfavorable for controlling inflation or unemployment during this time. The Fed financed ballooning federal budget deficits but did not aggressively target price stability, in contrast to its approach today. The result was an exorbitant supply of money and price volatility that forever changed our outlook on inflation.

## Calculating Inflation

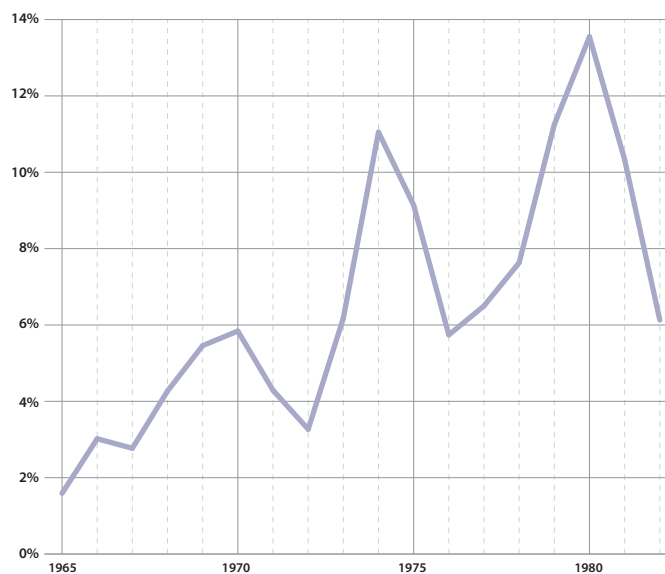
Government agencies survey households and businesses to identify and track the cost of a "basket" of commonly purchased items. There are two widely accepted methods of calculating inflation in the U.S.:

- *The **Consumer Price Index (CPI)**, released by the U.S. Bureau of Labor Statistics (BLS), is "a measure of the average change in the prices paid by urban consumers for a market basket of consumer goods and services." The CPI uses data from a household survey administered by the U.S. Census Bureau called the Consumer Expenditure Survey.*
- *The **Personal Consumption Expenditures Price Index (PCE)**, released by the U.S. Bureau of Economic Analysis, is "a measure of the prices that people living in the U.S., or those buying on their behalf, pay for goods and services." The PCE uses business surveys (e.g., the U.S. Census Bureau's Service Annual Survey) to better capture the change in prices for goods and services that consumers don't pay for directly, such as medical care paid for by employers.*

Sources: BLS, BEA

EXHIBIT 1

### YEAR-OVER-YEAR CHANGES IN INFLATION, 1965-1982



Note: Change as of Jan. 1 each year.

Source: Federal Reserve Bank of St. Louis

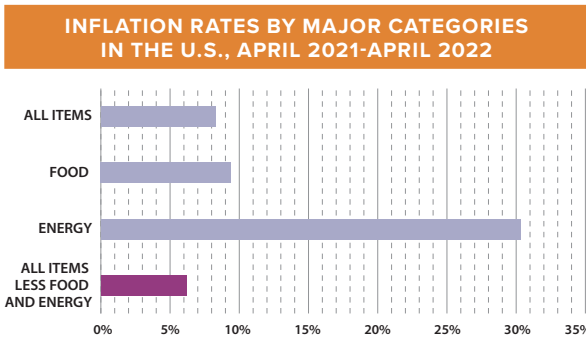
**The Federal Reserve (the Fed), the central bank of the U.S., considers a 2 percent inflation rate in the long term "the most consistent with the [institution's] mandate for maximum employment and price stability."**

# Inflation and the Economy

## INFLATION TODAY

The BLS estimates that inflation increased to 8.5 percent nationally in March 2022 — the highest year-over-year percent change in consumer prices since January 1982. April brought only a slight decrease in inflation (**Exhibit 2**). The leading contributors to the overall inflation rate were food and energy. Meat, poultry, fish and eggs — the largest source of food inflation — increased 14.3 percent since April 2021, the highest year-over-year percent change since the period ending May 1979. The largest sources of energy inflation were gasoline and natural gas, rising nearly 48 percent and 22 percent, respectively.

EXHIBIT 2



Note: Inflation rates are calculated using the CPI; they are not seasonally adjusted.  
Source: BLS

Regional data suggest that inflation in Texas parallels that of the country. BLS publishes CPIs specific to two major metro areas in Texas on a staggered, every-other-month schedule: Dallas-Fort Worth-Arlington and Houston-The Woodlands-Sugar Land. **Exhibit 3** shows that inflation in the state has been on the rise since mid-2021 and now is as high as 9 percent.

## THE ROOT CAUSES

What's behind the recent uptick in prices? The best answer is a confluence of economic pressures related to the coronavirus pandemic stemming from both the supply side and the demand side.

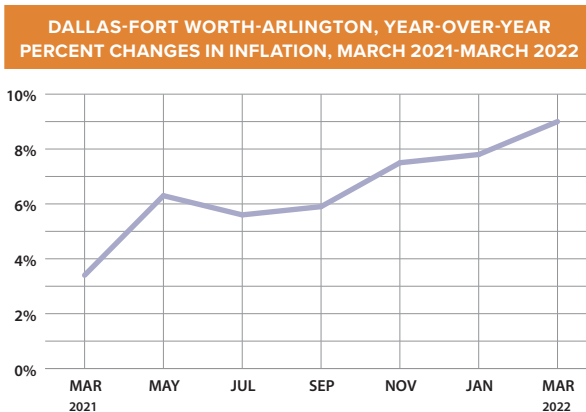
On the supply side, the pandemic severely disrupted production and transportation lines along global supply chains, or the networks between a company and its suppliers. These disruptions have decreased the supply of intermediate goods — used in the assembly of final goods — thereby increasing the price of final goods. Projections indicate that supply chains may not fully recover until 2023.

On the demand side are stimulative fiscal and monetary policies undertaken by the federal government at the onset of the pandemic to stave off recession and mass unemployment. In 2020, the Fed decreased interest rates, and the U.S. Congress authorized trillions of dollars in relief spending; these measures temporarily boosted demand and economic growth, but the economy now has reached a point where demand exceeds production capacity. Early signs of inflation were dismissed by some policymakers as temporary or transient. They claimed that as relief dollars worked their way through the economy, inflationary pressures would subside, and prices would stabilize. The thought that inflation might be transitory contributed to the decision by Fed policymakers to keep interest rates low and undercut a primary argument against additional federal spending. Unfortunately, inflation has proven anything but transient.

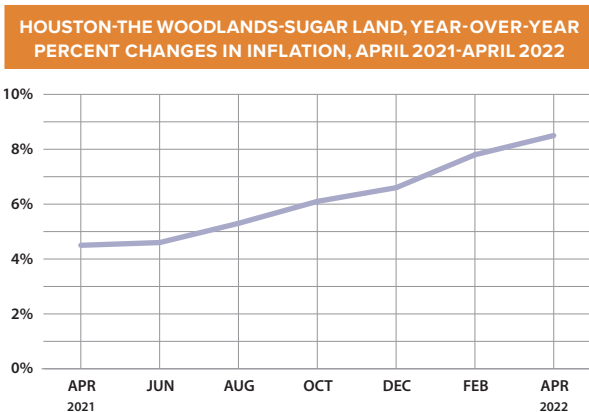
Moreover, Russia's invasion of Ukraine has exacerbated inflationary pressures. Estrada explains:

*The U.S. embargo on Russian oil is driving up the costs of producing a lot of goods, and in a number of circumstances, those extra costs are passed on to the final consumer. As far as Ukraine is concerned, the U.S. imported close to \$1.9 billion worth of Ukrainian merchandise in 2021, or 0.06 percent of the total U.S. imports, 59 percent of which is from the primary metals manufacturing sector. In terms of exports from the U.S. to Ukraine, the U.S. exported over \$2.5 billion worth of merchandise in 2021, or 0.1 percent of the total exports. Thirty percent of these exports were in the form of used or secondhand merchandise.*

EXHIBIT 3



Sources: BLS, Southwest Information Office



## INFLATION INEQUALITY

Household spending on basic needs — housing, food, transportation, health care and clothing — varies by income level. According to the BLS 2020 Consumer Expenditure Survey,



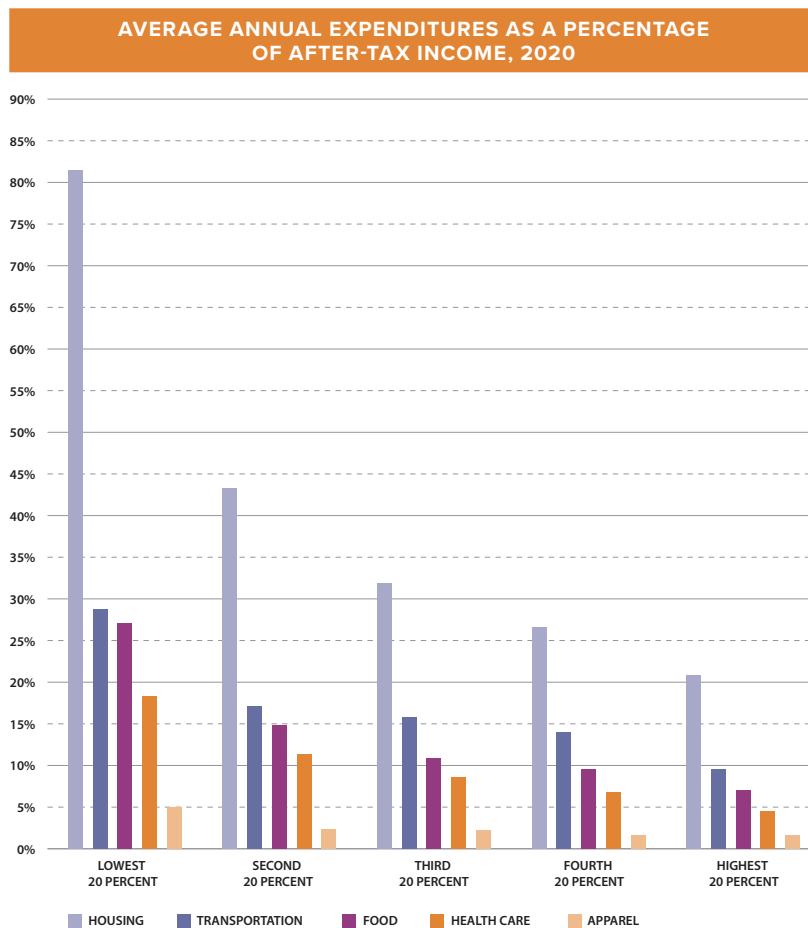
JoJo Estrada,  
Texas Comptroller's Office

total spending on basic needs increases in tandem with income. High-income households spend more on essentials than low-income households. Low-income households, however, spend a much higher share of their budgets on basic needs (**Exhibit 4**). Research by the Hamilton Project, an economic policy initiative at the Brookings Institution, shows that these gaps have widened over time.

“Inflation is going to affect everybody, irrespective of income level, but there’s such a thing called inflation inequality,” Estrada says. “For example, rather than buying the most expensive brand of dog food, high-income earners can start buying a cheaper generic version. Or if they have enough disposable income at hand and know that prices are rising, they can stock up on the brand that they want, which can cushion them from the immediate impact of inflation.”

Low-income households may already be purchasing the generic brand before the price increase, Estrada explains. Consequently, “they would either have to find some other generic that is cheaper, or even cut back on making such purchases.” Higher prices can force families living on tight budgets to make trade-offs between spending on one basic need versus another.

EXHIBIT 4



Notes: Annual spending includes government transfers (e.g., payments from the Temporary Assistance for Needy Families program); average annual spending by households in the lowest income quintile exceeds after-tax income likely because those households take on debt and use savings to cover expenses.

Sources: BLS, Consumer Expenditure Survey 2020

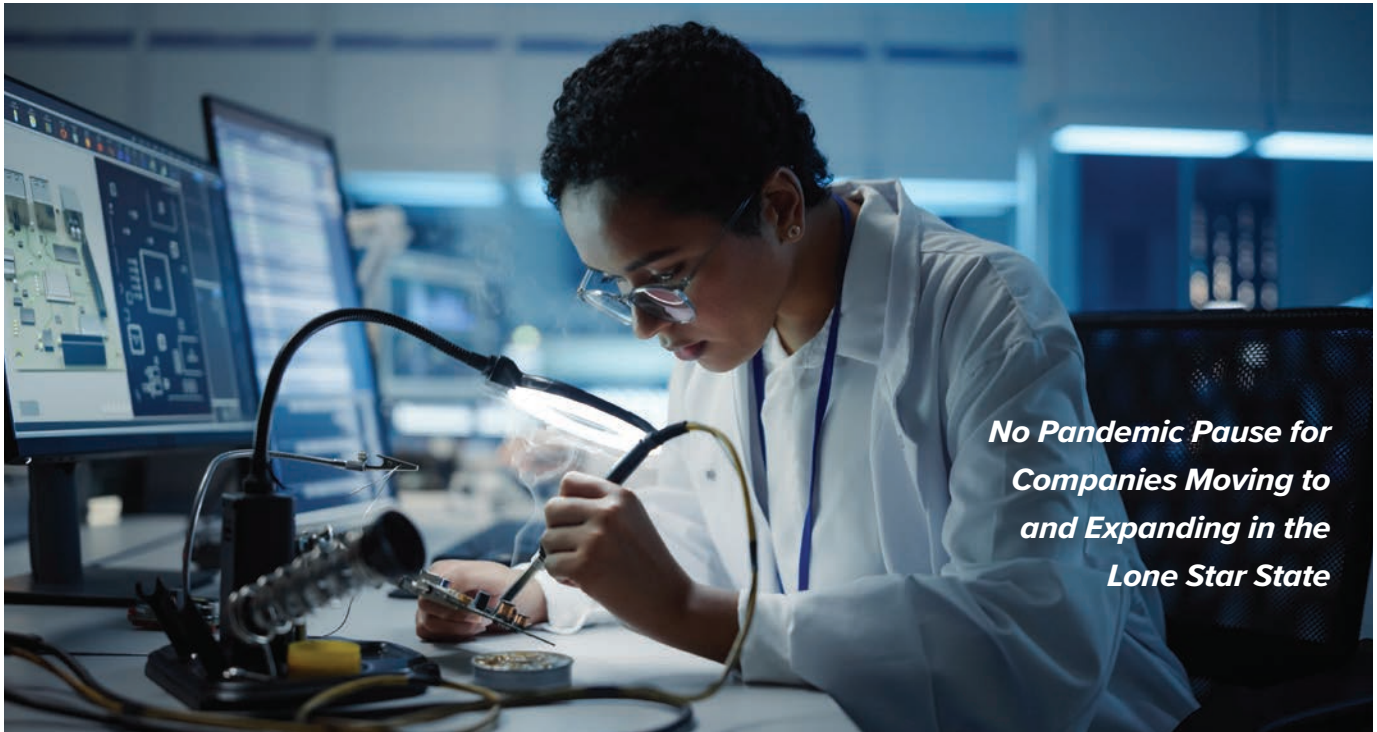
According to a recent CNBC poll, more than half of Americans surveyed (52 percent) feel they are under more financial stress than they were a year ago. Inflation has prompted Americans to change their spending habits over the past six months, such as cutting back on dining out (53 percent) and driving (39 percent).

## CALMING THE WATERS

On March 16, the Fed increased the federal funds rate by 0.25 percent and followed with a 0.5 percent increase on May 4. The Fed indicated that it anticipates further increases. The goal is to reduce demand for goods and services and eventually bring inflation back to the desired level of 2 percent. The hikes, however, increase the cost of borrowing, which means Texans will pay more for credit card debt, car loans and student loans.

Given the theoretical nature of monetary policy and the current precarious circumstances nationally and worldwide, it’s difficult to predict when inflation will subside. Though the Fed is now taking action by tightening monetary policy and increasing interest rates, it may take several months for the changes to curb demand and cool inflation as intended. **FN**

To learn about gross domestic product and other economic health indicators, read our February 2022 edition of Fiscal Notes at [FiscalNotes.org/2022/feb/gdp.php](https://FiscalNotes.org/2022/feb/gdp.php). You also can see detailed projections for the state’s economy at [Comptroller.Texas.Gov/transparency/reports/forecasts/](https://Comptroller.Texas.Gov/transparency/reports/forecasts/).



**No Pandemic Pause for Companies Moving to and Expanding in the Lone Star State**

During a pandemic that brought the global economy to a crawl, Texas not only held on to but burnished its reputation as a top spot for business relocations and expansions. State leaders, experts and executives cite factors that long have made Texas an attractive choice: its business-friendly tax and regulatory environment, location, workforce, quality of life and relatively low cost of living. In addition, along with other changes wrought by COVID-19, some experts saw a greater openness among companies and people to changing locations.

“The people I talked to, literally in the middle of the pandemic, were saying to me, ‘I always wanted to get there (Texas), and I finally found a reason. I’m staring at the four walls in my New York City apartment. And now’s the time,’” says Ed Curtis, chief executive officer of the business network YTexas, based in Austin. “The pandemic just accelerated that decision.”

Curtis also credits Texas officials’ decision to begin opening up business and other activities more quickly than other states. YTexas tracks relocations of headquarters to Texas and listed its largest number of announcements in 2021, at 63 (**Exhibit 1**).



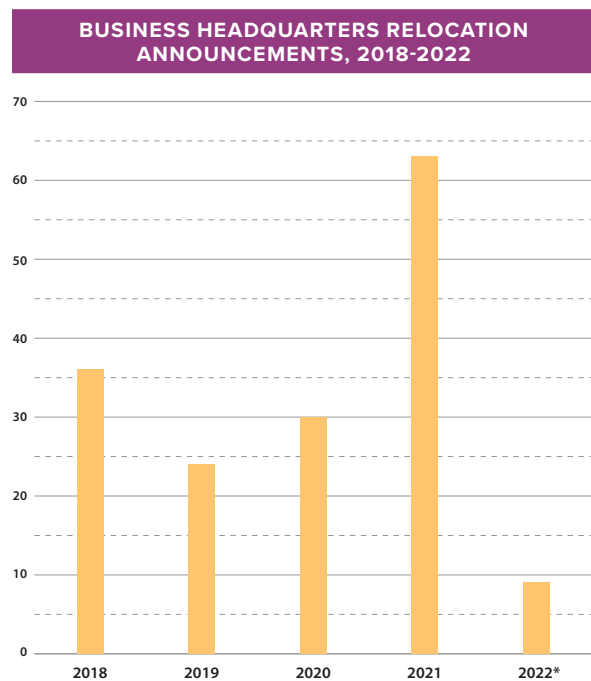
Ed Curtis, YTexas

Chief Executive’s survey of CEOs for the magazine’s ranking of Best and Worst States for Business 2021 found 44 percent were “more open than before to examining new locations ... In a world of remote work, reshuffled

markets and flat-out rethinking of nearly every aspect of business, the hearts and minds of CEOs are very much up for grabs.”

In 2022, Texas again ranked first, a position it has held every time Chief Executive has done the list since 2001.

**EXHIBIT 1**



\* Through April 11, 2022

Source: YTexas



Mark Arend, Site Selection magazine

In 2021, Texas also saw a leap in projects that qualified for *Site Selection* magazine's Governor's Cup, which ranks states by their number of qualified private-sector capital investment projects (investment of at least \$1 million, creation of at least 20 jobs or at least 20,000 square feet of new space). Texas won a Governor's Cup for the 10th straight year, this time with 1,123 projects, up from 781 in 2020 (**Exhibit 2**).

Summing up Texas' appeal, *Site Selection* Editor-in-Chief Mark Arend says that Texas is "aggressively pro-business."

Texas' largest projects in recent years have included Texas Instruments, Samsung and Tesla (**Exhibit 3**).

Citing factors such as Texas' lack of a state income tax and its strong supply of labor, Arend adds, "Texas is not afraid to tell the world about that."

"Some states may have a lot of good qualities, but they're not sure how to make that case to the business community," he says. "You've got to give them a reason to consider your location. And Texas is good at that."

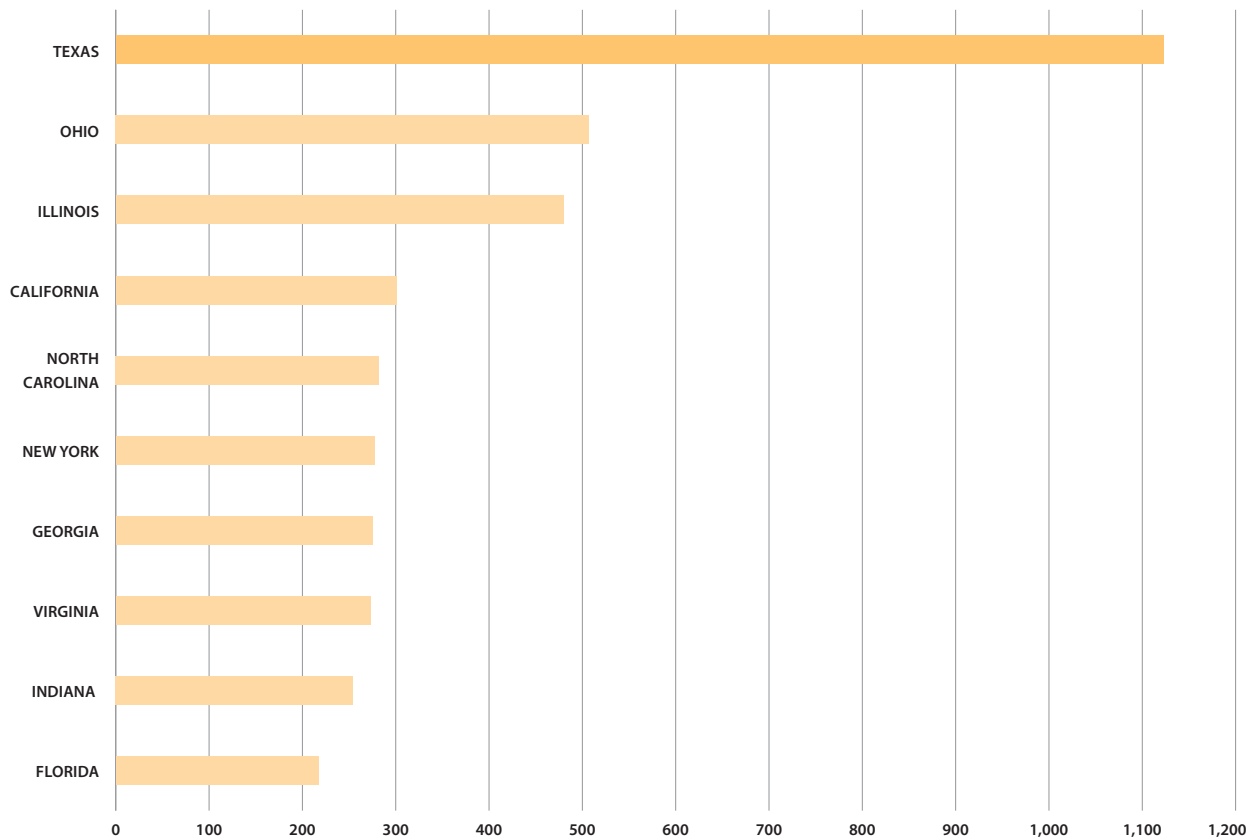
**"You've got to give them a reason to consider your location.**

**And Texas is good at that."**

– Mark Arend, *Site Selection* magazine

## EXHIBIT 2

### SITE SELECTION 2021 TOP STATES BY NUMBER OF PROJECTS



Note: Qualified projects are private-sector capital investment projects that meet one or more of three criteria: investment of \$1 million or more, creation of 20 or more new jobs or 20,000 square feet or more of new space.

Source: Conway Projects Database (Site Selection magazine)

## EXHIBIT 3

### TOP 5 TEXAS RELOCATION PROJECTS, 2019-2021

COMPANIES	CITY	SECTOR	INVESTMENT (in millions)	JOBS	SITE AREA (per 1,000 sq. ft.)
<b>2019</b>					
Texas Instruments Inc.	Richardson	Electronics	\$3,100	488	*
ExxonMobil Corp.	Baytown	Energy	\$2,000	25	260
Steel Dynamics Inc.	Sinton	Metals	\$1,900	600	*
Trans-Global Solutions Inc.	Baytown	Transport and Logistics	\$1,420	*	507
Perfect Game Inc.	Hutto	Business and Financial Services	\$800	*	200
<b>2020</b>					
Axiom Space Inc.	Houston	Aerospace	\$2,000	1,000	322
Tesla Inc.	Austin area	Automotive	\$1,000	5,000	*
Max Midstream Texas LLC	Point Comfort	Energy	\$1,000	474	*
Qorvo Inc.	Richardson	Machinery, Equipment and Construction	\$850	65	25
Air Products and Chemicals Inc.	Texas City	Chemicals and Plastics	\$500	*	*
<b>2021</b>					
Texas Instruments Inc.	Sherman	Electronics	\$30,000	3,000	*
Samsung Electronics Co. Ltd.	Taylor	Electronics	\$17,000	2,000	6,000
Nacero Inc.	Penwell	Chemicals and Plastics	\$7,000	350	*
Covestro AG	Baytown	Chemicals and Plastics	\$4,700	25	*
Diamond Green Diesel LLC	Port Arthur	Life Sciences	\$1,450	25	*

\* Data not provided

Note: Qualified projects are private-sector capital investment that meet one or more of three criteria: investment of \$1 million or more, creation of 20 or more new jobs or 20,000 square feet or more of new space.

Sources: Conway Projects Database (Site Selection magazine) and Samsung



**“... the Taylor site in Williamson County, Texas, was chosen because the opportunity here met the business, talent and community needs Samsung sought throughout the search.”**

– Michele Glaze, Samsung Austin Semiconductor

## BIG FISH

Texas’ efforts to attract business have paid off in a big way. High-profile announcements include these:

- *Tesla chose the Austin area for a gigafactory and its headquarters relocation.*
- *Hewlett Packard Enterprise (HPE) moved its headquarters to Spring (near Houston).*
- *Oracle decided to move its headquarters to Austin.*
- *Texas Instruments announced a potential \$30 billion project in Sherman, including up to four chip fabrication plants.*
- *Amazon is also expanding. The company says it has invested more than \$29 billion across the state since 2010, including infrastructure and compensation to employees.*
- *Samsung announced a new semiconductor manufacturing facility in Taylor (near Austin).*

The \$17 billion announcement by Samsung Electronics Co. Ltd. in 2021 was described as the largest-ever foreign direct investment in Texas; Gov. Greg Abbott’s office in November said the project would bring the South Korean company’s investment in the state to more than \$35 billion since 1996. It brings Samsung’s total U.S. investment to more than \$47 billion and more than 20,000 U.S. employees since beginning operations in the country in 1978, according to the company. The incentive package that helped land the Taylor deal, including property tax incentives, totaled \$981 million, according to an analysis by the *Austin American-Statesman*.

“This was a competitive process and tough competition; however, the Taylor site in Williamson County, Texas, was chosen because the opportunity here met the business, talent and community needs Samsung sought throughout the search,” says Michele Glaze, head of communications and community affairs for Samsung Austin Semiconductor.



Michele Glaze, Samsung Austin Semiconductor

Samsung considered factors such as the local semiconductor ecosystem, infrastructure stability, local government support and community development opportunities, as well as the Taylor site’s proximity to the company’s existing Austin facilities, Glaze says.

“Economic development incentives are valuable in recruiting companies to Texas,” she says. “It was clear to us how deeply Taylor, Williamson County, Taylor ISD (Independent School District) and the state of Texas wanted to compete. They approved the most competitive economic development package that will help our company and our employee family succeed for decades to come. These economic development opportunities mixed with Texas’ pro-business environment were a powerful combination.”



Holly Sullivan, Amazon

Amazon looks first for talent when making its investment decisions, says Holly Sullivan, the company’s vice president of worldwide economic development. She says Amazon has created more than 95,000 full- and part-time jobs across Texas.

“Access to talent continues to be the No. 1 factor we consider when looking at where to invest. Our

investments at our Austin, Houston and Dallas tech hubs in Texas provide more space for us to create good jobs and offer a business-friendly community with great amenities, a high quality of life and a fantastic talent pool,” she says.

HPE’s decision to designate its Spring, Texas, campus as its global headquarters grew from its presence of more than two decades in the Houston area, says Adam R. Bauer, the company’s director of issues management and policy communications.

“We’ve long known that Houston is a great place to do business for a variety of reasons: the strong university ecosystem and talent pipeline, the infrastructure and the overall business climate,” he says. “That’s why, as we evaluated our business needs and opportunities for cost savings over the long term, it made sense to us to move our global headquarters to the Houston area while maintaining a robust innovation hub in the Bay Area (in California).”

A move to give employees more choices in the workplace — such as telework, which became more common during the worst of the COVID-19 pandemic — came into play for some companies. HPE, for example, offered relocation to Texas as an option for several hundred headquarters staff members, but staffers had the choice of staying in California, Bauer says.



Gov. Abbott announces the new \$17 billion Samsung facility in November 2021.



Gateway sign of Taylor, Texas, soon to be home to a new Samsung Electronics manufacturing facility.

**“If the Texas economy continues to grow,  
then we will likely continue to experience increases  
in our net domestic migration.”**

– Lloyd B. Potter, State Demographer

## GROWTH AND ITS CHALLENGES

Texas’ ability to attract business is helping fuel its overall population increase as the state heads toward the 30 million mark. The U.S. Census Bureau’s population estimates show the state at 29.5 million in 2021, with 310,288 people added between July 1, 2020, and July 1, 2021. Net migration was 63.6 percent of that increase, notes the Texas Demographic Center.

“Texas is a low-tax, business-friendly state, which is a big draw for businesses and employers. In addition, housing costs in Texas are also lower when compared to other states, although that is beginning to change. Therefore, if the Texas economy continues to grow, then we will likely continue to experience increases in our net domestic migration,” says State Demographer Lloyd B. Potter.

Challenges as well as opportunities come with growth, and Texas has worked to meet the moment with targeted investments. The Texas Legislature has put more money

into public education and in 2021 created the Broadband Development Office (BDO), placing it within the Comptroller’s office. Comptroller Glenn Hegar has met with Texans around the state to get their input on the effort to make always-on, high-speed internet more widely available. And decisions by large employers to place chip-manufacturing facilities in Texas are in tandem with a focus by leaders, including Hegar, on enhancing and protecting pandemic-battered supply chains such as those providing chips that are essential to products from computers to cars.

“Texas welcomes business investment because we know that working together, we can help forge an even stronger economy that benefits all Texans through jobs, technological advancements and innovations that improve lives,” says Hegar. “Texas’ influence also reaches beyond the state; when we work with businesses that are creating important products and strengthening our supply chains, the whole country benefits.” **FN**

Details on the Broadband Development Office and the Comptroller’s broadband listening tour of Texas communities can be found on the agency’s BDO page at [Comptroller.Texas.Gov/programs/broadband](https://www.comptroller.texas.gov/programs/broadband).

## NET STATE REVENUE – ALL FUNDS, EXCLUDING TRUST

### Monthly and Year-to-Date Collections: Percent Change from Previous Year (IN THOUSANDS)

This table presents data on net state revenue collections by source. It includes most recent monthly collections, year-to-date (YTD) totals for the current fiscal year and a comparison of current YTD totals with those in the equivalent period of the previous fiscal year. These numbers were current at press time. For the most current data as well as downloadable files, visit [comptroller.texas.gov/transparency](http://comptroller.texas.gov/transparency).

Note: Texas' fiscal year begins on Sept. 1 and ends on Aug. 31.

1. Includes public utility gross receipts assessment, gas, electric and water utility tax and gas utility pipeline tax.

2. Includes taxes not separately listed, such as taxes on oil well services, coin-operated amusement machines, cement and combative sports admissions as well as refunds to employers of certain welfare recipients.

3. Includes various health-related service fees and rebates that were previously in "license, fees, fines and penalties" or in other non-tax revenue categories.

4. Gross sales less retailer commission and the smaller prizes paid by retailers.

Notes: Totals may not add due to rounding. Excludes local funds and deposits by certain semi-independent agencies. Includes certain state revenues that are deposited in the State Treasury but not appropriated.

TAX COLLECTIONS BY MAJOR TAX	APRIL 2022	YEAR TO DATE: Total	YEAR TO DATE: Change from Previous Year
<b>SALES TAX</b>	\$3,830,609	\$27,956,485	22.92%
<i>Percent Change from April 2021</i>	12.80%		
<b>MOTOR VEHICLE SALES AND RENTAL TAXES</b>	\$525,082	\$4,004,990	18.32%
<i>Percent Change from April 2021</i>	39.02%		
<b>MOTOR FUEL TAXES</b>	\$335,001	\$2,496,483	7.59%
<i>Percent Change from April 2021</i>	2.96%		
<b>FRANCHISE TAX</b>	\$821,761	\$959,147	54.89%
<i>Percent Change from April 2021</i>	53.43%		
<b>OIL PRODUCTION TAX</b>	\$665,582	\$3,784,175	94.99%
<i>Percent Change from April 2021</i>	99.13%		
<b>INSURANCE TAXES</b>	\$12,060	\$1,809,116	20.51%
<i>Percent Change from April 2021</i>	-114.96%		
<b>CIGARETTE AND TOBACCO TAXES</b>	\$101,287	\$785,882	-11.92%
<i>Percent Change from April 2021</i>	-18.09%		
<b>NATURAL GAS PRODUCTION TAX</b>	\$339,112	\$2,560,159	192.26%
<i>Percent Change from April 2021</i>	46.08%		
<b>ALCOHOLIC BEVERAGES TAXES</b>	\$151,804	\$1,046,709	44.09%
<i>Percent Change from April 2021</i>	27.49%		
<b>HOTEL OCCUPANCY TAX</b>	\$76,487	\$421,443	61.73%
<i>Percent Change from April 2021</i>	49.24%		
<b>UTILITY TAXES<sup>1</sup></b>	\$63,588	\$308,243	-11.09%
<i>Percent Change from April 2021</i>	-48.96%		
<b>OTHER TAXES<sup>2</sup></b>	\$22,083	\$128,098	34.59%
<i>Percent Change from April 2021</i>	-7.86%		
<b>TOTAL TAX COLLECTIONS</b>	<b>\$6,944,455</b>	<b>\$46,260,930</b>	<b>29.55%</b>
<i>Percent Change from April 2021</i>	<b>24.84%</b>		
REVENUE BY SOURCE	APRIL 2022	YEAR TO DATE: Total	YEAR TO DATE: Change from Previous Year
<b>TOTAL TAX COLLECTIONS</b>	\$6,944,455	\$46,260,930	29.55%
<i>Percent Change from April 2021</i>	24.84%		
<b>FEDERAL INCOME</b>	\$5,228,650	\$45,200,654	7.22%
<i>Percent Change from April 2021</i>	-14.63%		
<b>LICENSES, FEES, FINES AND PENALTIES</b>	\$462,732	\$4,319,451	2.74%
<i>Percent Change from April 2021</i>	-4.18%		
<b>STATE HEALTH SERVICE FEES AND REBATES<sup>3</sup></b>	\$569,071	\$5,216,572	57.11%
<i>Percent Change from April 2021</i>	27.52%		
<b>NET LOTTERY PROCEEDS<sup>4</sup></b>	\$220,736	\$1,956,257	-2.54%
<i>Percent Change from April 2021</i>	-9.33%		
<b>LAND INCOME</b>	\$347,657	\$2,533,121	108.19%
<i>Percent Change from April 2021</i>	58.26%		
<b>INTEREST AND INVESTMENT INCOME</b>	\$143,711	\$1,366,186	12.89%
<i>Percent Change from April 2021</i>	258.91%		
<b>SETTLEMENTS OF CLAIMS</b>	\$90,960	\$627,654	13.50%
<i>Percent Change from April 2021</i>	2.10%		
<b>ESCHEATED ESTATES</b>	\$16,638	\$124,180	-18.76%
<i>Percent Change from April 2021</i>	49.43%		
<b>SALES OF GOODS AND SERVICES</b>	\$20,795	\$202,835	0.83%
<i>Percent Change from April 2021</i>	-11.57%		
<b>OTHER REVENUE</b>	\$143,802	\$1,441,523	-6.95%
<i>Percent Change from April 2021</i>	-38.15%		
<b>TOTAL NET REVENUE</b>	<b>\$14,189,206</b>	<b>\$109,249,362</b>	<b>18.39%</b>
<i>Percent Change from April 2021</i>	<b>5.29%</b>		



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