

# **Update on State Financial Conditions**

Presentation to the

**Legislative Budget Board**

July 25, 2016

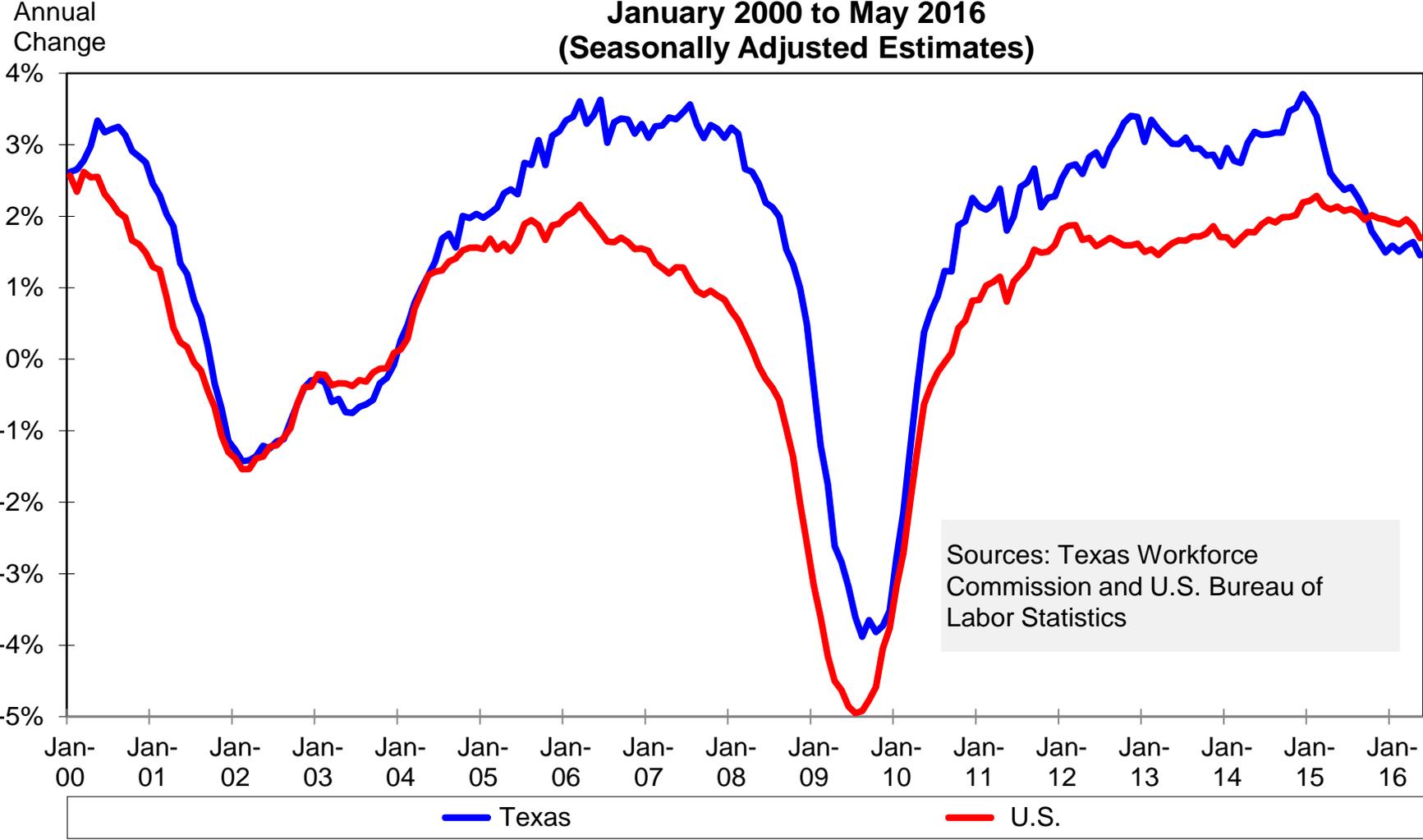
**Glenn Hegar**

Texas Comptroller of Public Accounts

**Tom Currah**

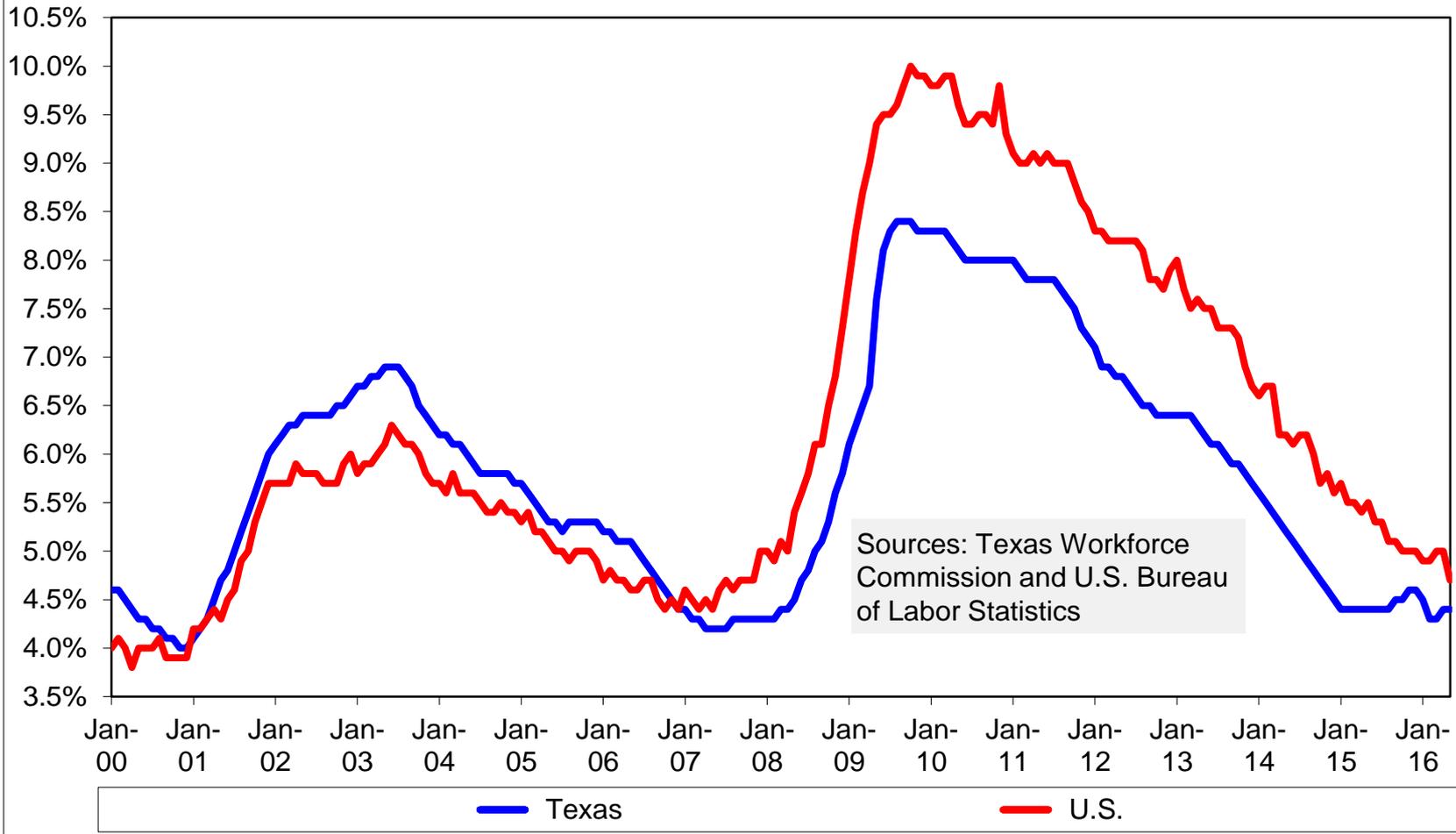
Chief Revenue Estimator

# Percent Change in Texas and U.S. Total Nonfarm Employment January 2000 to May 2016 (Seasonally Adjusted Estimates)



**Texas added 171,100 jobs between June 2015 and June 2016, a growth rate of 1.4%. The nation added jobs at a rate of 1.7% over the same period.**

## Texas and U.S. Unemployment Rates January 2000 to May 2016 (Seasonally Adjusted Estimates)

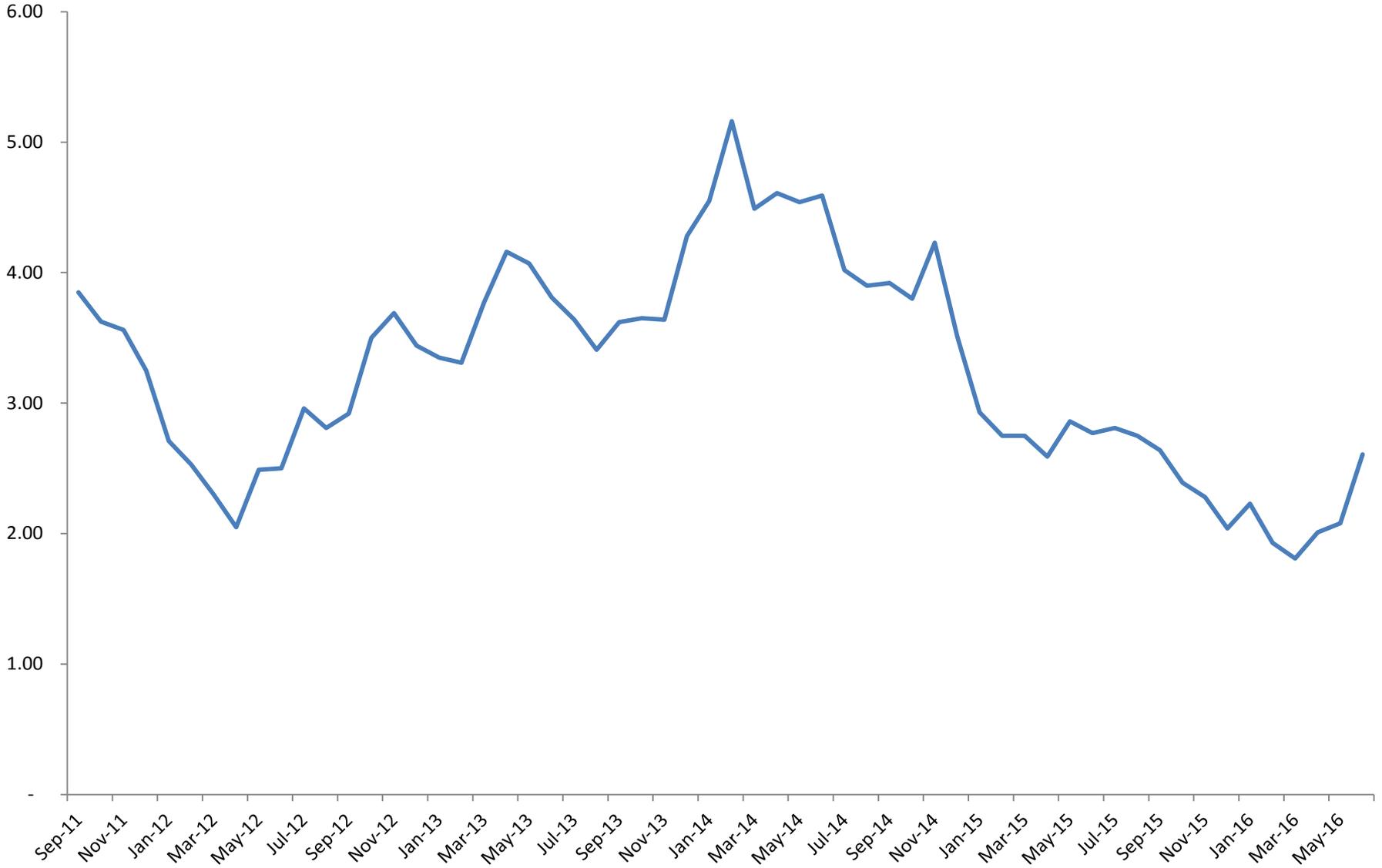


**Unemployment rates, June 2016:      Texas, 4.5%      U.S., 4.9%**

# Oil (WTI), Average Monthly Price (\$ per Barrel)



# Natural Gas, Average Monthly Price (\$ per MMBtu)



# Housing Market, Texas

	May 2015	May 2016	Change
Building Permits, Single Family Housing	8,752	9,478	8.3%
Median Sales Price	\$202,000	\$215,000	6.4%
Home Sales	28,835	30,761	6.7%
Months Inventory	3.6	3.7	2.8%

Source: Texas A&M University Real Estate Center

# Regional Variation

## Change from Prior Year

City	Sales Tax, 3 Months Ending June	Employment, June
Austin	3.5%	4.0%
Dallas	3.3%	4.0%
San Antonio	1.3%	2.4%
Houston	-3.5%	0.1%
Corpus Christi	-6.9%	1.9%
Midland	-18.8%	-1.6%

Source: Glenn Hegar, Texas Comptroller of Public Accounts and Texas Workforce Commission

Note: Sales tax change is based on monthly allocations to each city. Employment change is based on seasonally adjusted nonfarm payrolls for the relevant metropolitan statistical area or division.

# Texas Economic Indicators

	FY 2015	FY 2016*	FY 2107*
Real GDP Growth	4.5%	1.3%	2.6%
Personal Income Growth	5.2%	2.8%	4.8%
Nonfarm Employment Growth	2.9%	1.5%	1.6%
Unemployment Rate	4.4%	4.5%	4.6%
Population Growth	1.8%	1.7%	1.7%

\* Projected

Source: Glenn Hegar, Texas Comptroller of Public Accounts

# Looking Ahead

- Proposition 7 approved November 2015.
- Starting with FY 2018, \$2.5 billion in annual sales tax revenue transferred to State Highway Fund (Fund 6).
- Transfer only applies to sales tax collections in excess of \$28 billion each year.

**Sales Tax Collections, Motor Vehicle Sales Tax Collections,  
Severance Tax Collections, and Total Tax Collections to All Funds, Excluding Trusts  
(fiscal years, in thousands of dollars)**

	Sales Tax Collections		Motor Vehicle Sales Tax Collections		Severance Tax Collections		Total Tax Collections	
	\$	% Change	\$	% Change	\$	% Change	\$	% Change
<b>FY 1996</b>	10,791,472		1,965,269		824,077		19,762,504	
<b>FY 1997</b>	11,340,069	5.1%	2,050,103	4.3%	1,141,372	38.5%	21,187,868	7.2%
<b>FY 1998</b>	12,459,387	9.9%	2,276,722	11.1%	878,380	-23.0%	22,634,020	6.8%
<b>FY 1999</b>	13,069,131	4.9%	2,483,240	9.1%	699,396	-20.4%	23,614,611	4.3%
<b>FY 2000</b>	13,976,657	6.9%	2,782,017	12.0%	1,114,285	59.3%	25,283,769	7.1%
<b>FY 2001</b>	14,663,068	4.9%	2,905,538	4.4%	2,039,466	83.0%	27,230,212	7.7%
<b>FY 2002</b>	14,516,341	-1.0%	2,949,540	1.5%	967,158	-52.6%	26,279,146	-3.5%
<b>FY 2003</b>	14,277,286	-1.6%	2,693,443	-8.7%	1,493,451	54.4%	26,126,675	-0.6%
<b>FY 2004</b>	15,417,156	8.0%	2,740,288	1.7%	1,888,548	26.5%	27,913,002	6.8%
<b>FY 2005</b>	16,312,811	5.8%	2,847,653	3.9%	2,338,977	23.9%	29,838,278	6.9%
<b>FY 2006</b>	18,275,210	12.0%	3,075,154	8.0%	3,201,508	36.9%	33,544,498	12.4%
<b>FY 2007</b>	20,270,476	10.9%	3,325,597	8.1%	2,730,513	-14.7%	36,955,630	10.2%
<b>FY 2008</b>	21,604,090	6.6%	3,341,589	0.5%	4,121,527	50.9%	41,357,929	11.9%
<b>FY 2009</b>	21,014,065	-2.7%	2,600,939	-22.2%	2,292,250	-44.4%	37,822,453	-8.5%
<b>FY 2010</b>	19,630,306	-6.6%	2,630,137	1.1%	1,734,203	-24.3%	35,368,901	-6.5%
<b>FY 2011</b>	21,478,983	9.4%	2,977,664	13.2%	2,582,565	48.9%	38,856,176	9.9%
<b>FY 2012</b>	24,191,241	12.6%	3,559,231	19.5%	3,637,899	40.9%	44,079,119	13.4%
<b>FY 2013</b>	25,943,807	7.2%	3,878,380	9.0%	4,484,745	23.3%	47,781,046	8.4%
<b>FY 2014</b>	27,385,709	5.6%	4,209,953	8.5%	5,771,860	28.7%	50,992,562	6.7%
<b>FY 2015</b>	28,910,857	5.6%	4,514,186	7.2%	4,157,430	-28.0%	51,683,060	1.4%
<b>FY 2016*</b>	29,258,665	1.2%	4,775,421	5.8%	2,716,134	-34.7%	49,722,528	-3.8%
<b>FY 2017*</b>	30,663,502	4.8%	5,078,806	6.4%	3,106,107	14.4%	52,161,676	4.9%
<b>Avg, 1996-2015</b>		5.3%		4.5%		8.9%		5.2%
<b>Max</b>		12.6%		19.5%		83.0%		13.4%
<b>Min</b>		-6.6%		-22.2%		-52.6%		-8.5%

\*Amounts estimated in 2016-17 Certification Revenue Estimate (October 2015)