

Memorandum



CITY OF DALLAS

DATE October 4, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Sales Tax Over-Payment**

On Monday, September 30, we received a notice from the Texas Comptroller of Public Accounts that the City had received \$5.2 million over-payment in local sales tax. The State discovered this over-payment during an audit when they determined that a taxpayer erred and reported all local sales tax to the City of Dallas rather than their customer's ship to address. The taxpayer is an out-of-state-retailer with no physical place of business in the State. The name of the retailer is not yet available to us from the State. This amount had been paid by the retailer for July 2014 through July 2017.

The State has now disbursed the local share to the correct municipality and requires us to repay the amount that we were over-paid. We were given the option of repaying this amount with a one-time payment or in 37 payments with interest. Sales tax revenue for FY 2018-19 is currently forecast to exceed budget by \$7.4 million. Therefore, we selected the one-time repayment option. This will avoid having approximately \$1.7 million in revenue deducted for each of the next three years when sales tax returns may not be as strong as they have been in FY 2018-19.

If you have any questions, please contact me or Jack Ireland, Director in the Office of Budget.


M. Elizabeth Reich
Chief Financial Officer

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
Michael Mendoza, Chief of Economic Development and Neighborhood Services
Laila Alequresh, Chief Innovation Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors