

# Memorandum



CITY OF DALLAS

DATE November 13, 2020

TO Honorable Mayor and Members of the City Council

SUBJECT **Sales Tax Receipts**

This week, we received the final sales tax revenue for FY 2019-20 from the State Comptroller's Office. For September 2020, we received \$25 million. For the full fiscal year, we budgeted \$325.6 million and total receipts are \$310.7 million, a difference of \$14.8 million or five percent. FY 2019-20 actual receipts are \$2.7 million or 0.9 percent lower than FY 2018-19 actual receipts.

When COVID began, we forecast that we could be \$25 million under budget for the fiscal year, and we later updated that forecast to be \$14 million under budget. The Coronavirus pandemic and subsequent economic crisis continue to affect sales taxes. However, the numbers show that while the declines in sales tax receipts are still significant, the situation has improved.

On October 14, 2020, the State Comptroller's Office notified us of a \$3.4 million overpayment in local sales tax due to a taxpayer incorrectly reporting local taxes collected from all jurisdictions to the city of Dallas. I opted to apply the overpayment to monthly collections and the State withheld \$3.4 million from our September 2020 distribution. By making this payment from FY 2019-20 revenue, we have avoided future reductions of our monthly revenue for the next 25 months, which is important given current economic conditions. Furthermore, we will save on interest.

Next month's receipts will be for the first month of FY 2020-21. As a reminder, the FY 2020-21 budget assumes \$296 million in sales tax revenue. We have not changed our forecast since the budget was adopted. However, we will continue to monitor sales tax receipts with our economist, Dearmon Analytics, LLC, and keep the City Council informed should we update the forecast.

*M. Elizabeth Reich*

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Chief Financial Officer

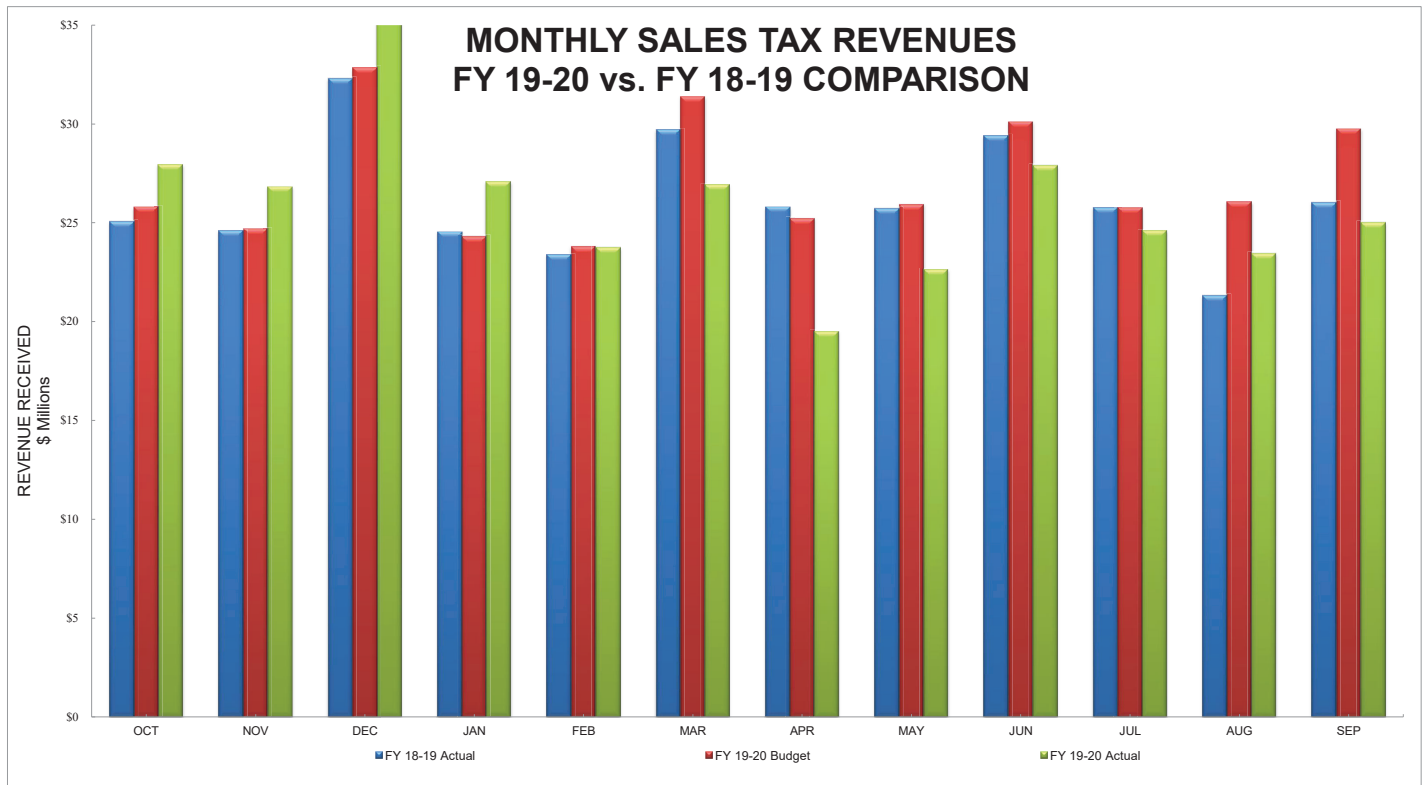
cc: T.C. Broadnax, City Manager  
Chris Caso, City Attorney  
Mark Swann, City Auditor  
Biliera Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager

Majed A. Al-Ghafry, Assistant City Manager  
Jon Fortune, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Dr. Eric A. Johnson, Chief of Economic Development and Neighborhood Services  
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion  
Directors and Assistant Directors

# SALES TAX

as of August 2020

	ACTUAL	BUDGET	ACTUAL	YTD VARIANCE FY 19-20		YTD VARIANCE FY 19-20	
	FY 2018-19	FY 2019-20	FY 2019-20	ACT. VS. FY 18-19	ACT.	ACTUAL VS. BUDGET	
				DOLLARS	PERCENT	DOLLARS	PERCENT
<b>OCT</b>	\$25,049,631	\$25,788,648	\$27,942,608	\$2,892,977	11.5%	\$2,153,960	8.4%
<b>NOV</b>	24,571,164	24,673,808	26,805,867	2,234,703	9.1%	2,132,059	8.6%
<b>DEC</b>	32,289,498	32,846,092	35,274,527	2,985,029	9.2%	2,428,435	7.4%
<b>JAN</b>	24,523,254	24,314,236	27,074,542	2,551,288	10.4%	2,760,306	11.4%
<b>FEB</b>	23,361,412	23,804,444	23,738,211	376,799	1.6%	(66,233)	-0.3%
<b>MAR</b>	29,690,536	31,361,760	26,900,241	(2,790,295)	-9.4%	(4,461,519)	-14.2%
<b>APR</b>	25,775,135	25,221,806	19,483,347	(6,291,788)	-24.4%	(5,738,459)	-22.8%
<b>MAY</b>	25,722,682	25,924,216	22,615,759	(3,106,923)	-12.1%	(3,308,457)	-12.8%
<b>JUN</b>	29,391,839	30,084,024	27,891,265	(1,500,574)	-5.1%	(2,192,759)	-7.3%
<b>JUL</b>	25,745,004	25,755,057	24,568,195	(1,176,809)	-4.6%	(1,186,862)	-4.6%
<b>AUG</b>	21,317,027 <sup>1</sup>	26,054,972	23,433,307	2,116,280	9.9%	(2,621,665)	-10.1%
<b>SEP</b>	26,023,568 <sup>2</sup>	29,737,123	25,009,630 <sup>3</sup>	(1,013,938)	-3.9%	(4,727,493)	-15.9%
<b>TOTAL</b>	<b>\$313,460,750</b>	<b>\$325,566,185</b>	<b>\$310,737,499</b>	<b>(\$2,723,251)</b>	<b>-0.9%</b>	<b>(\$14,828,686)</b>	<b>-5.0%</b>



<sup>1</sup> FY 2018-19 revenue reduced due to a one-time repayment to the State of \$5,201,409.

<sup>2</sup> FY 2018-19 revenue reduced due to a one-time repayment to the State of \$3,793,301.

<sup>3</sup> FY 2019-20 revenue reduced due to a one-time repayment to the State of \$3,393,027.