Impact of COVID-19 on the Regional Sales Tax Revenue

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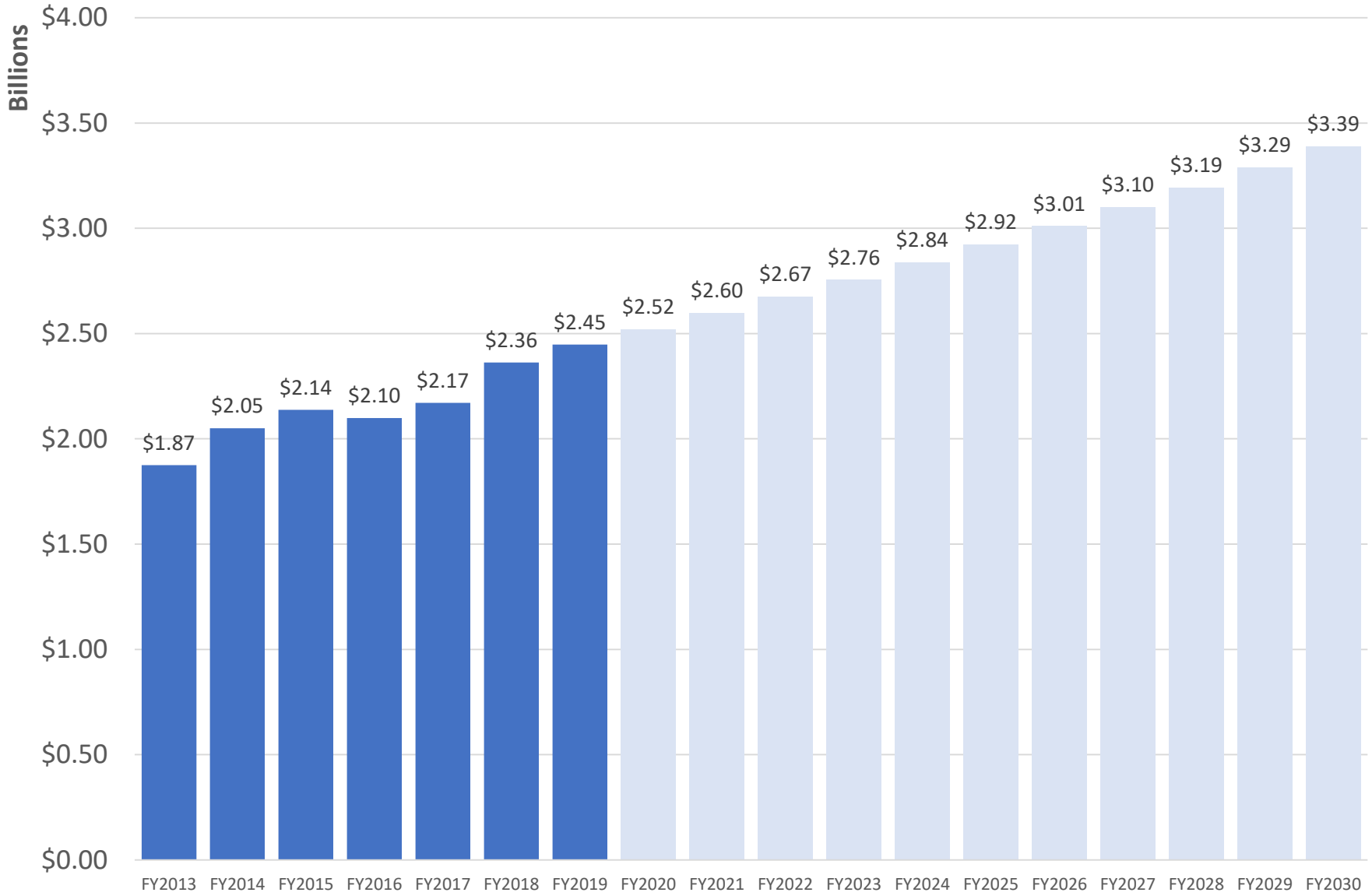
Houston-Galveston Area Council

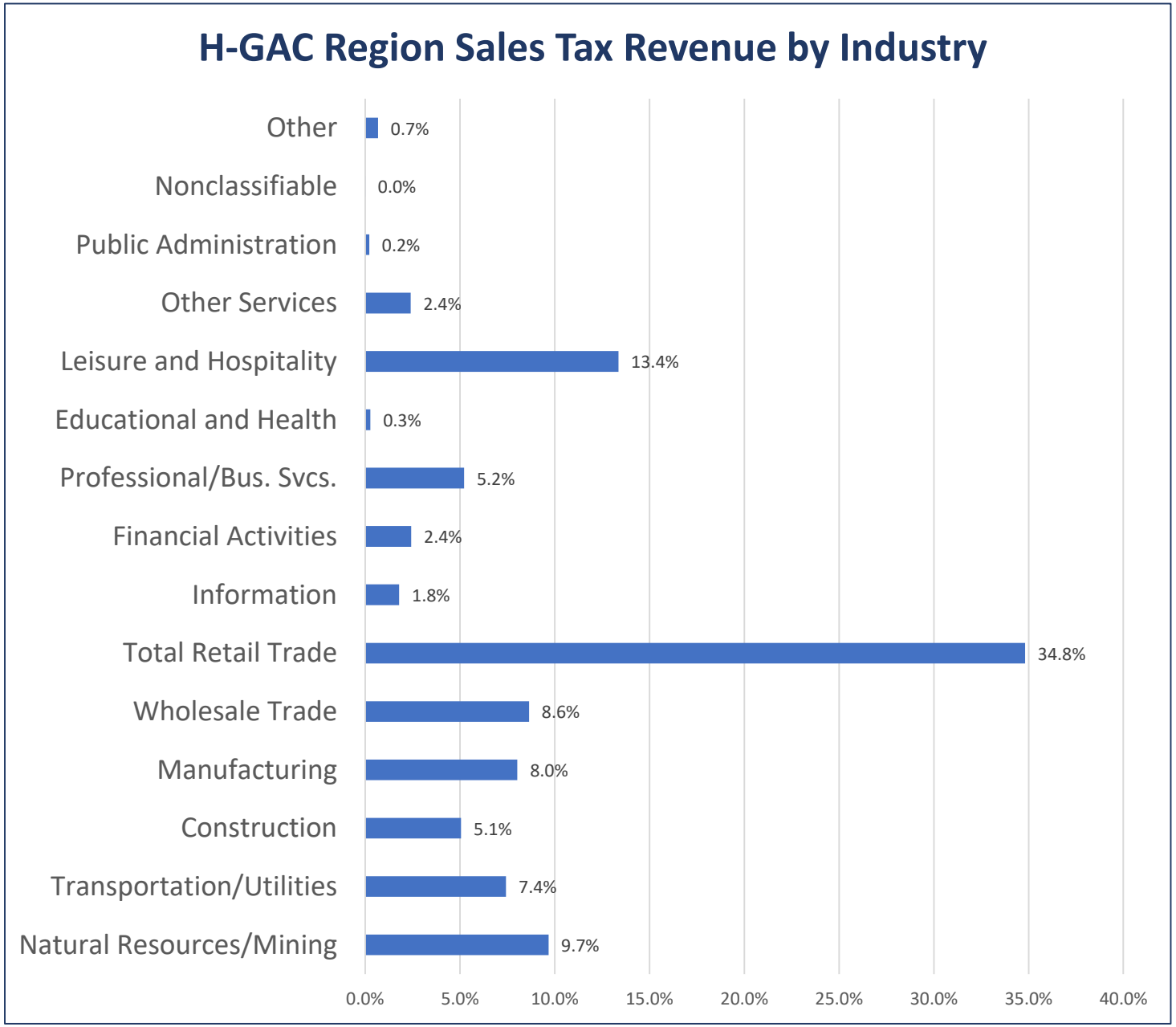
Gulf Coast Economic Development District Quarterly Meeting, July 10, 2020

Pre-COVID-19

H-GAC 13-County Region Sales Tax Revenue
Historical and Forecasted (with 3% annual growth rate)

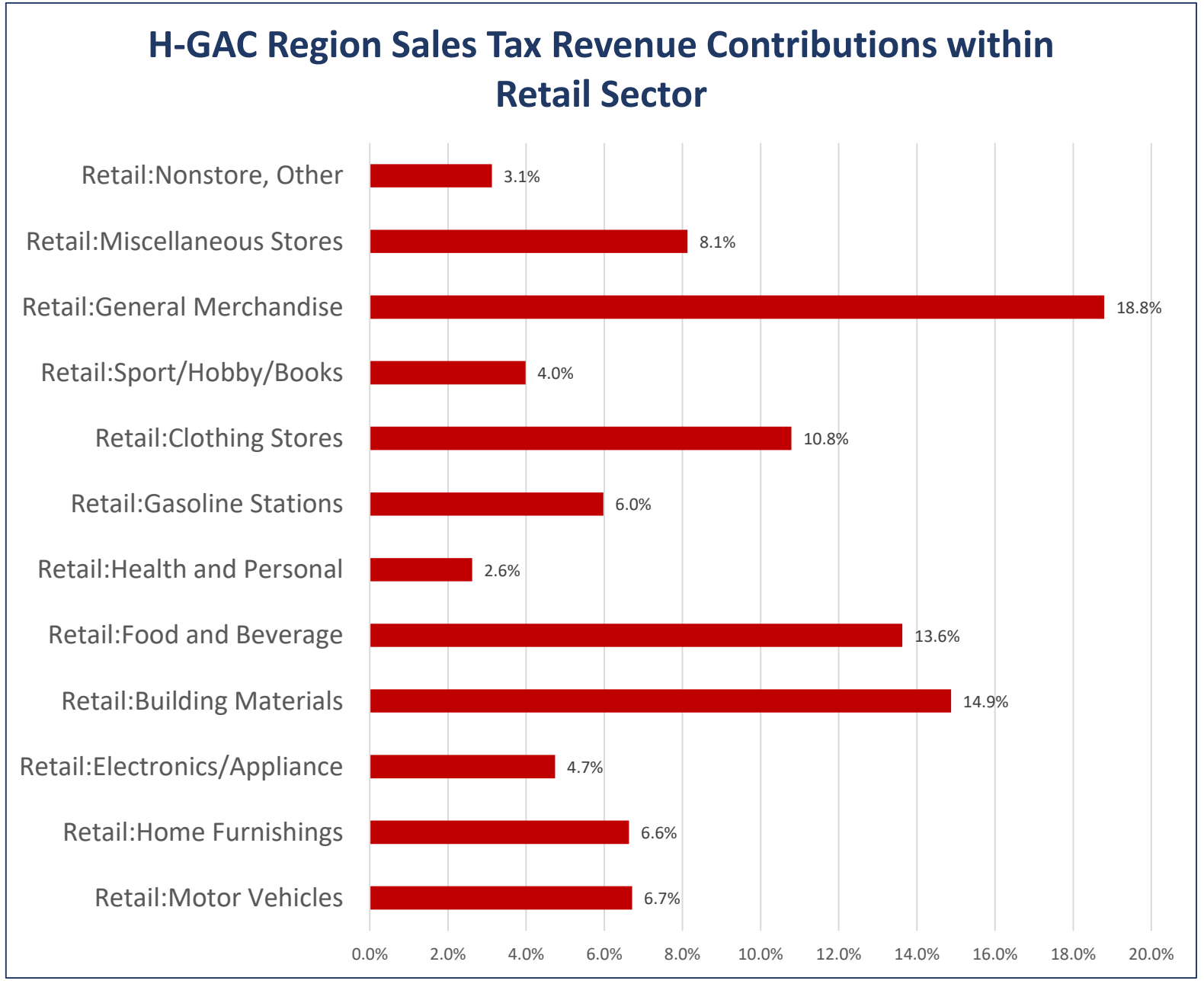


Source- Texas Comptrollers Office, H-GAC



Source- Texas Comptrollers Office

H-GAC Region Sales Tax Revenue Contributions within Retail Sector

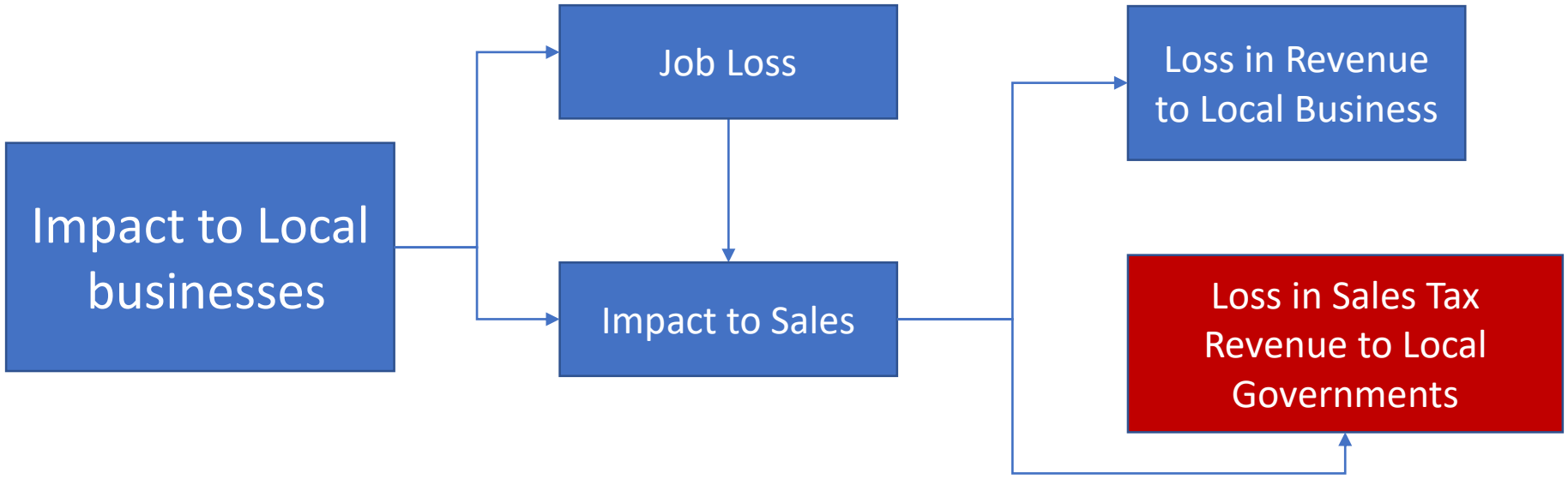


Source- Texas Comptrollers Office

Post-COVID-19

COVID-19 Disruption

- Business Closures – Stay Home Orders – Social Distancing



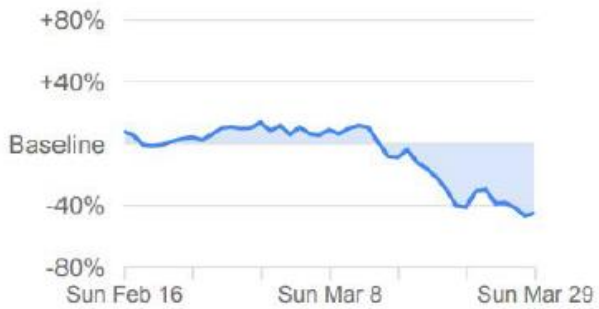
Google's COVID-19 Community Mobility Report: **Texas**

Retail & recreation

Restaurants, cafes, shopping centers, theme parks, museums, libraries, and movie theaters.

-45%

compared to baseline

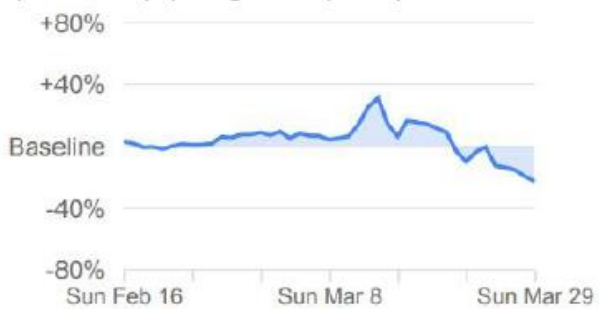


Grocery & pharmacy

Grocery markets, food warehouses, farmers markets, specialty food shops, drug stores, and pharmacies.

-23%

compared to baseline

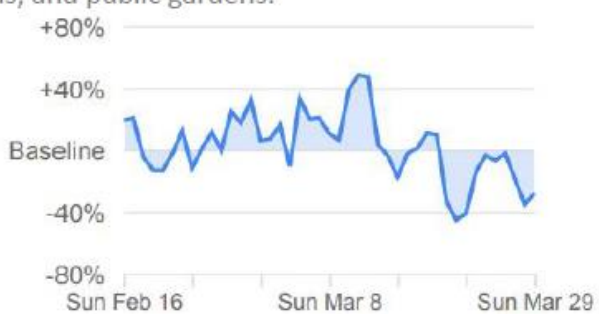


Parks

National parks, public beaches, marinas, dog parks, plazas, and public gardens.

-27%

compared to baseline

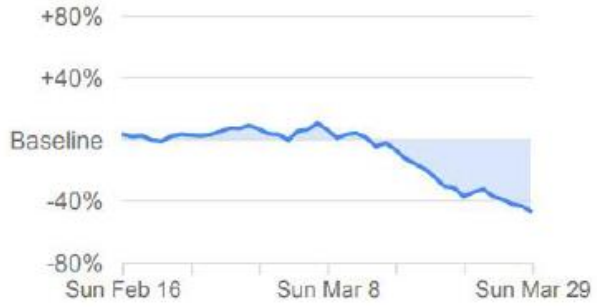


Transit stations

Public transport hubs such as subway, bus, and train stations.

-47%

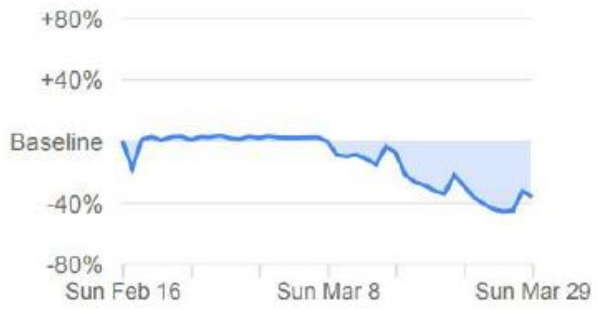
compared to baseline



Workplaces

-36%

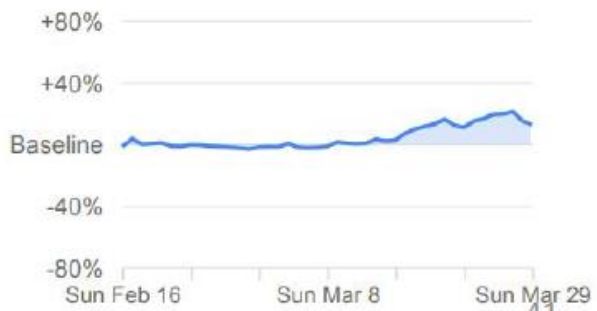
compared to baseline



Residential

+13%

compared to baseline



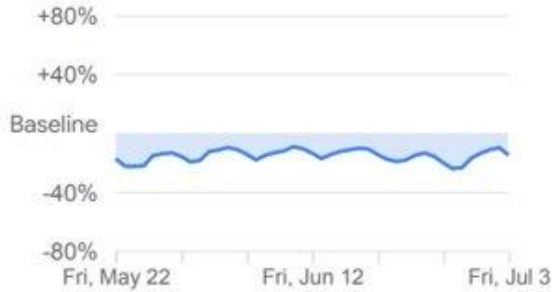
Google’s COVID-19 Community Mobility Report: **Texas**

Retail & recreation

Restaurants, cafes, shopping centers, theme parks, museums, libraries, and movie theaters.

-15%

compared to baseline

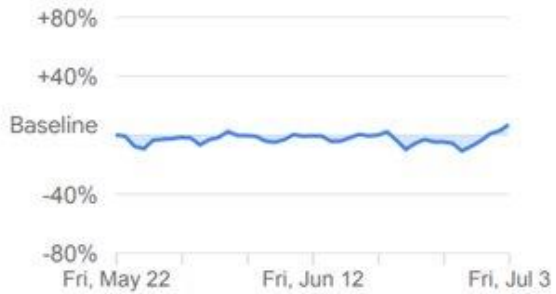


Grocery & pharmacy

Grocery markets, food warehouses, farmers markets, specialty food shops, drug stores, and pharmacies.

+7%

compared to baseline

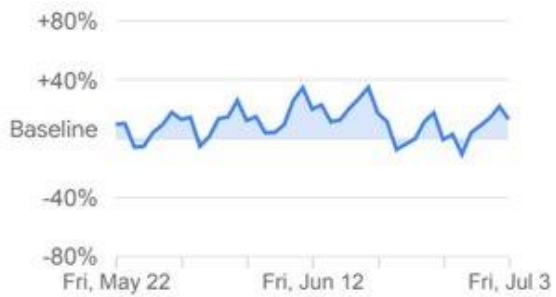


Parks

National parks, public beaches, marinas, dog parks, plazas, and public gardens.

+13%

compared to baseline

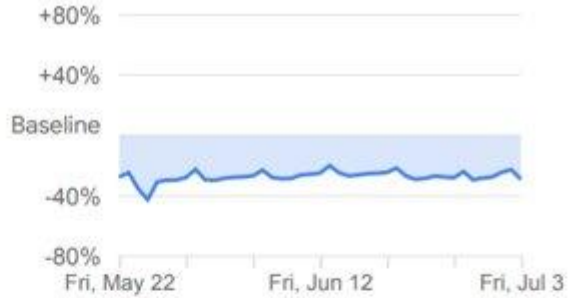


Transit stations

Public transport hubs such as subway, bus, and train stations.

-29%

compared to baseline



Workplaces

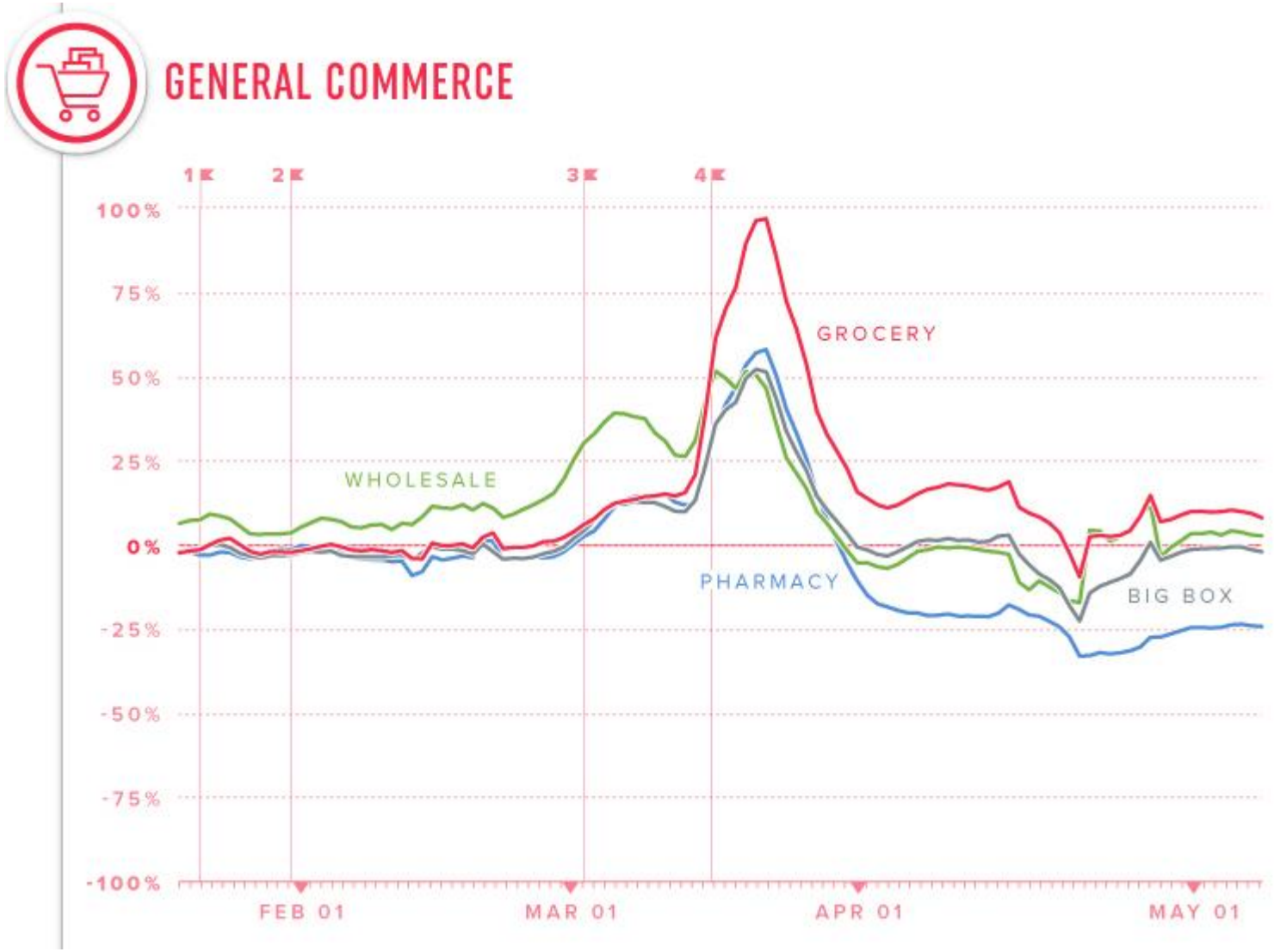
-56%

compared to baseline

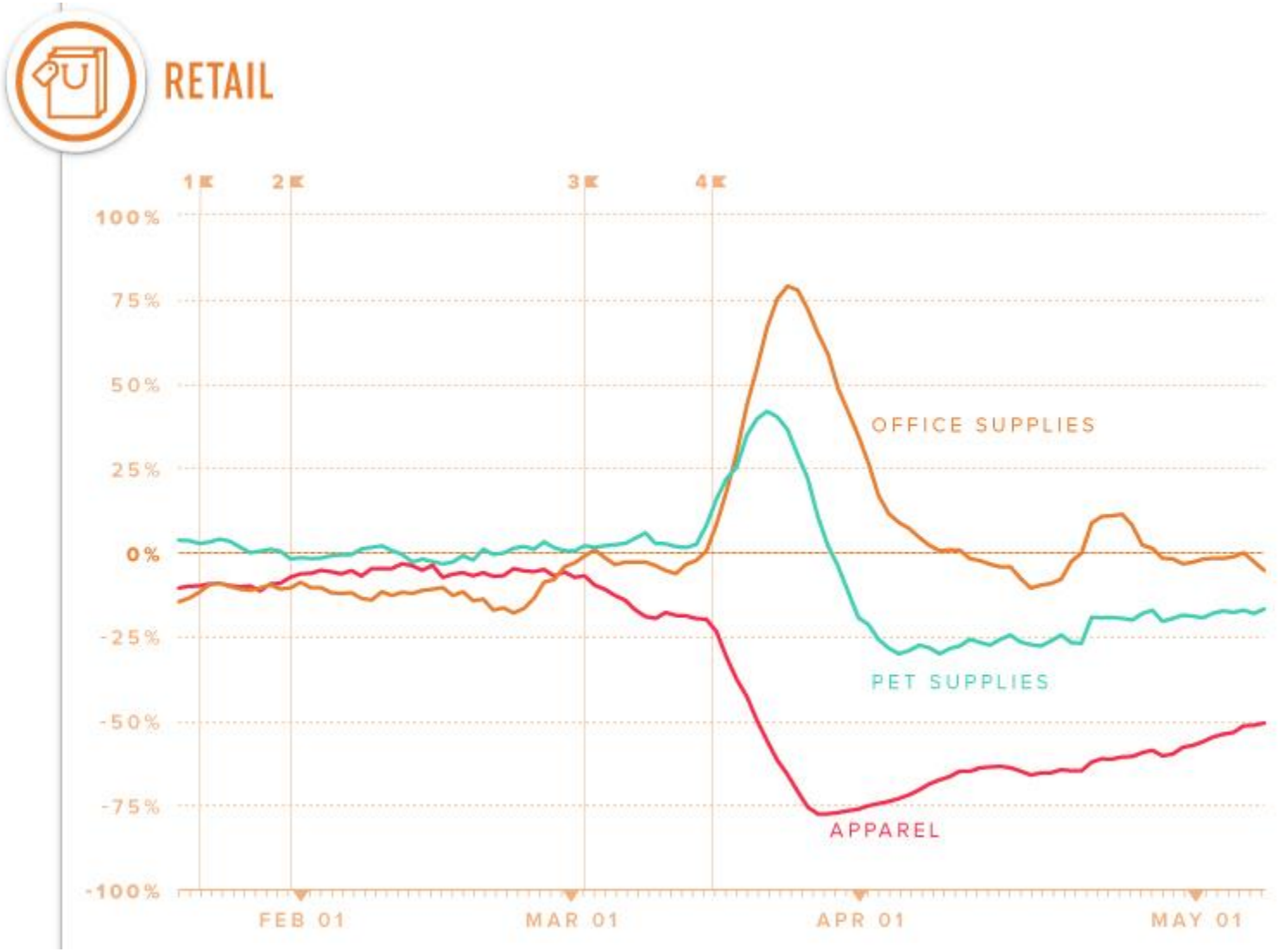
Residential

+17%

compared to baseline



Source- 1010Data, powered by AI platform Exabel and Visual Capitalist, published May 21, 2020
https://www.visualcapitalist.com/how-u-s-consumers-are-spending-differently-during-covid-19/



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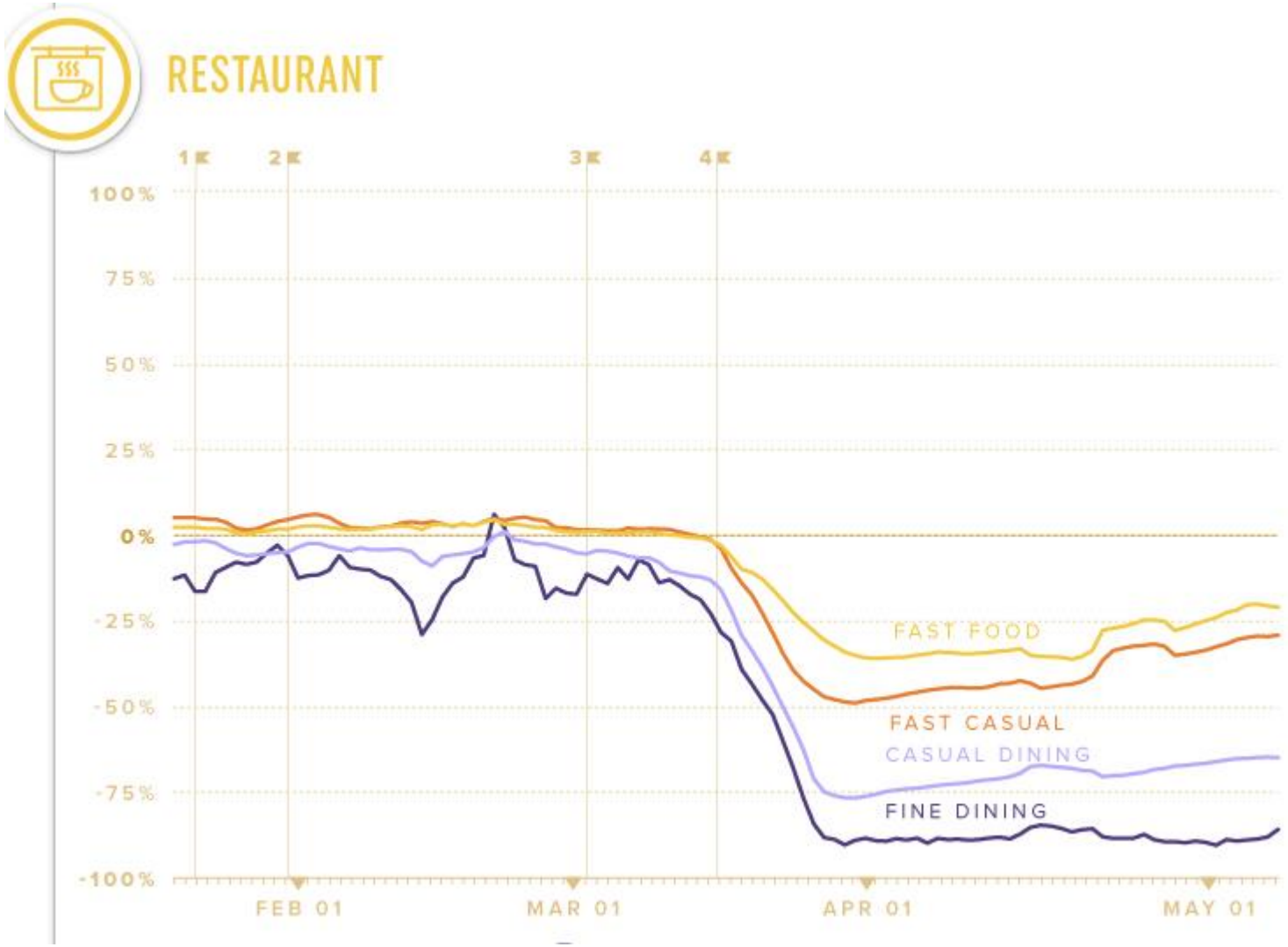

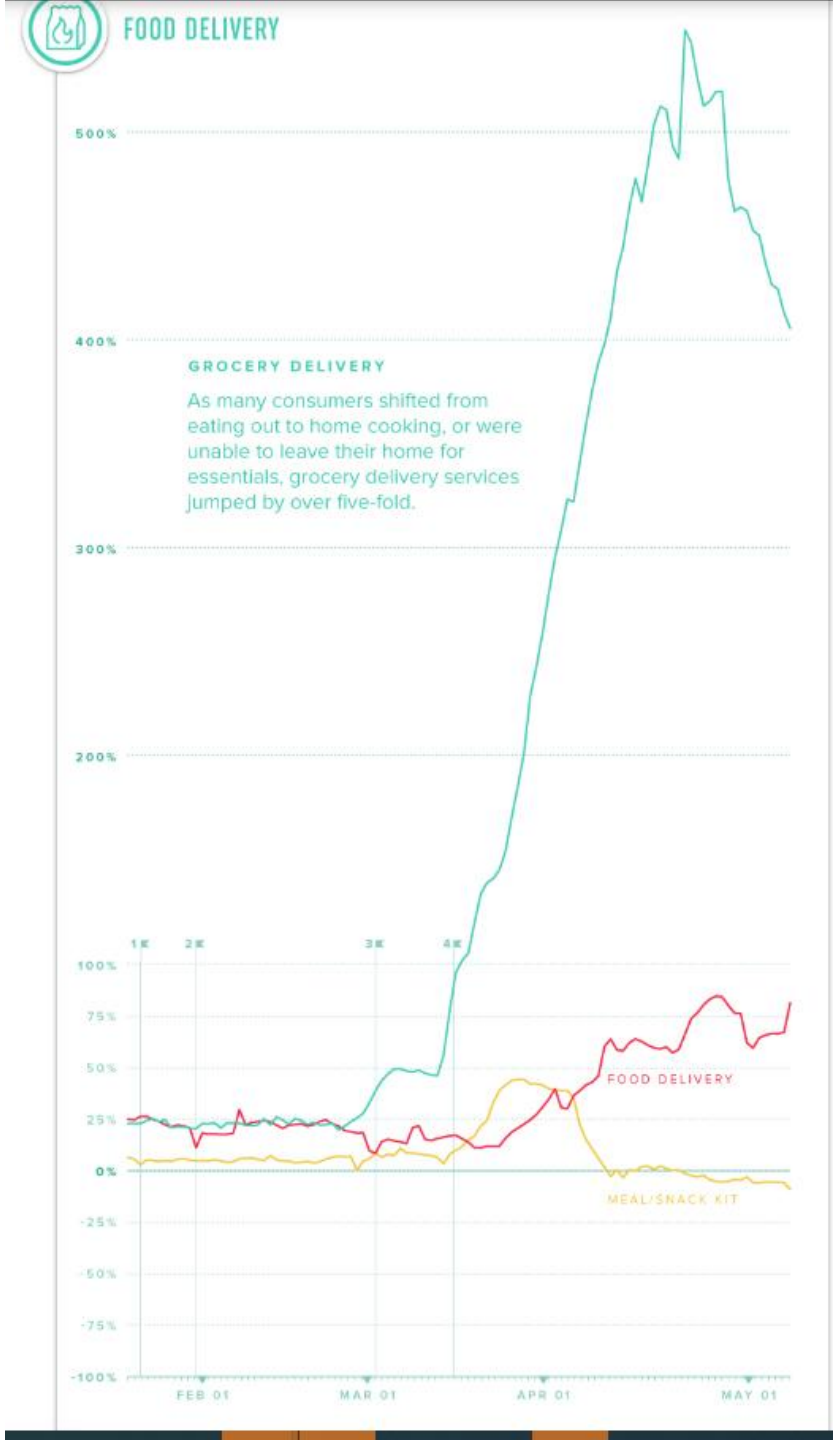

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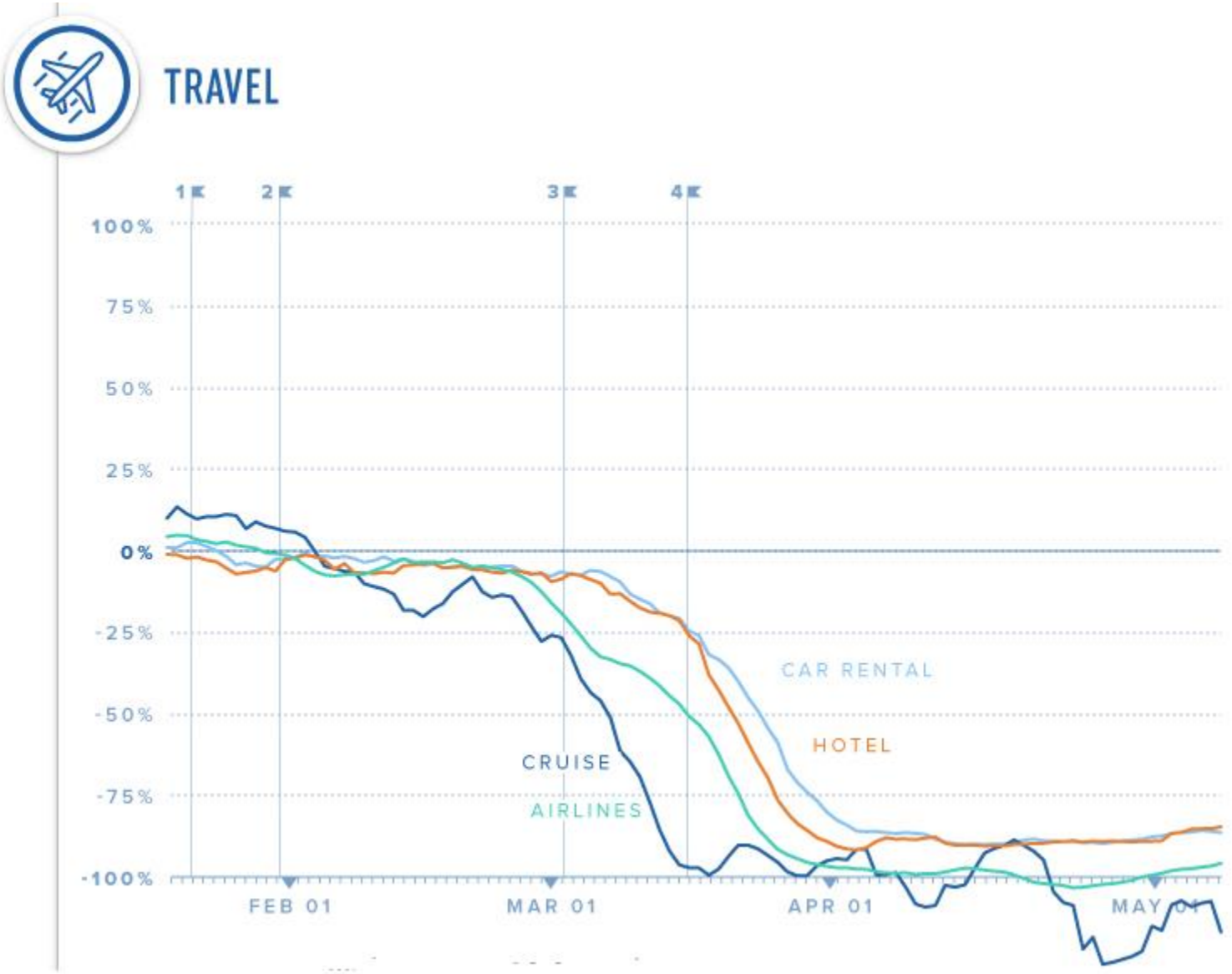

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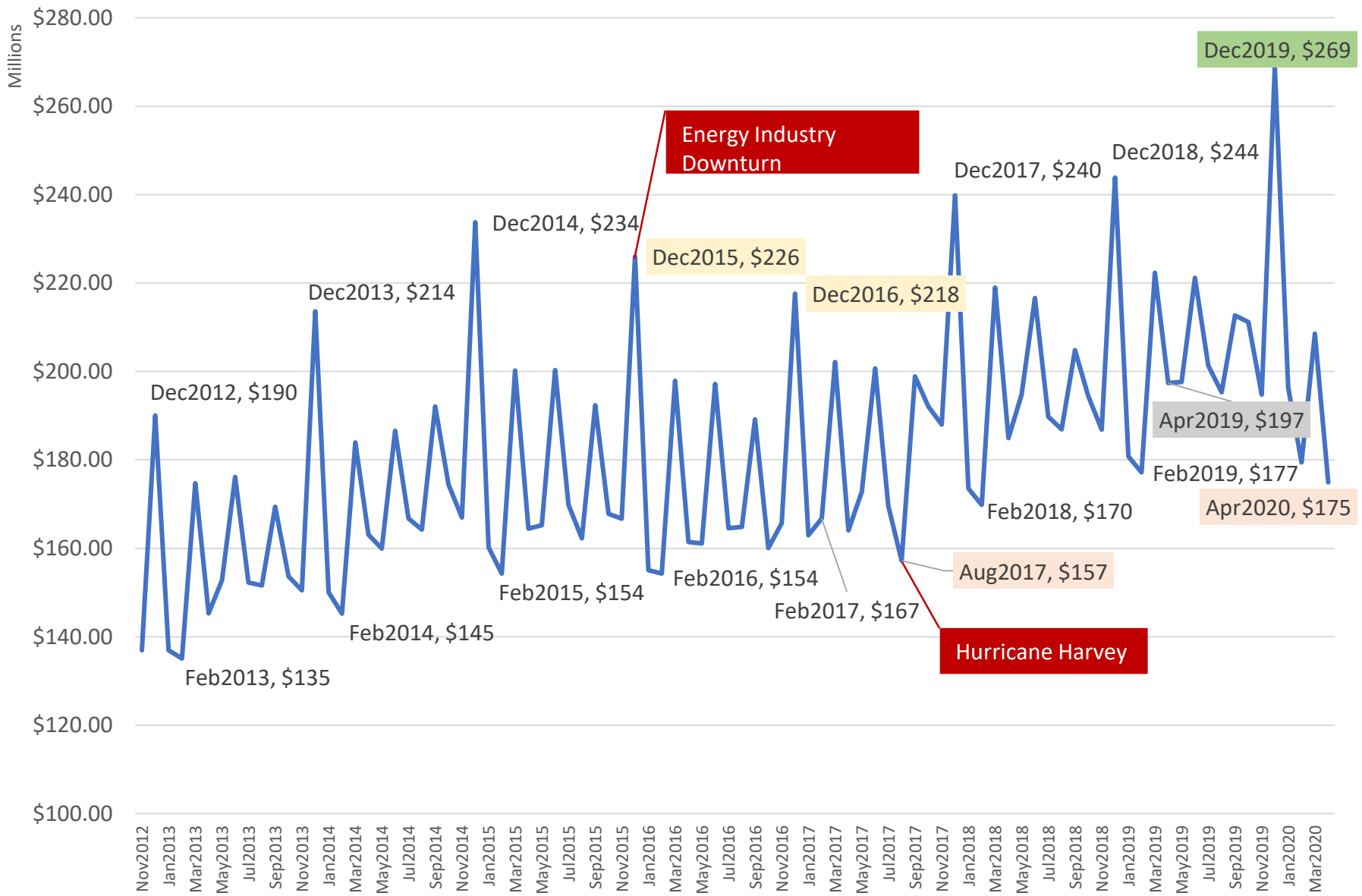
H-GAC Region Monthly Sales Tax Revenue



H-GAC Region Sales Tax Revenue COVID-19 Impact Analysis

Region	Month	Y2018	Y2019	Y2020	PC2018-19	PC2019-20
HGAC13	January	$173,533,946	$180,786,172	$196,421,670	4.2%	8.6%
HGAC13	February	$169,851,221	$177,208,806	$179,471,054	4.3%	1.3%
HGAC13	March	$218,998,498	$222,363,007	$208,528,347	1.5%	-6.2%
HGAC13	April	$184,920,544	$197,394,905	$174,970,088	6.7%	-11.4%
Change (February vs April)		$15,069,323	$20,186,100	-$4,500,966		

Source- Texas Comptroller's Office

Sales Tax Revenue Loss in April 18.1% ($31 million)

Measuring Impacts to Sales Tax Revenue

- Tool- H-GAC Adapted Version of SANDAG COVID19 Revenue Scenario V2.0

- Length of Disruption

2mo 3mo 4mo 5mo 6mo

- Depth of Recession

Mild Moderate Severe

- Recovery Shape

V V(long) U U(long)

Estimates of COVID-19 Impact on Sales By Sector

Industry	COVID-19 Impact on sales for the first three months	COVID-19 Impact on sales during 4th,5th, and 6th month of disription
Natural Resources/Mining	-25%	-10%
Transportation/Utilities	-25%	-10%
Construction	-25%	-10%
Manufacturing	-25%	-10%
Wholesale Trade	-25%	-10%
Retail: Motor Vehicles	-25%	-10%
Retail:Home Furnishings	-25%	-10%
Retail: Electronics/Appliance	-25%	-5%
Retail:Building Materials	-15%	-10%
Retail: Food and Beverage	0%	0%
Retail:Health and Personal	20%	10%
Retail: Gasoline Stations	-40%	-15%
Retail: Clothing Stores	-50%	-25%
Retail: Sport/Hobby/Books	-55%	-25%
Retail: General Merchandise	-25%	-10%
Retail:Miscellaneous Stores	-25%	-10%
Retail: Nonstore, Other	20%	20%
Information	-25%	-10%
Financial Activities	-25%	-10%
Professional/Bus. Svcs.	-25%	-10%
Educational and Health	-25%	-10%
Leisure and Hospitality	-50%	-20%
Other Services	-50%	-20%
Public Administration	0%	0%
Non-classifiable	0%	0%
Other	0%	0%

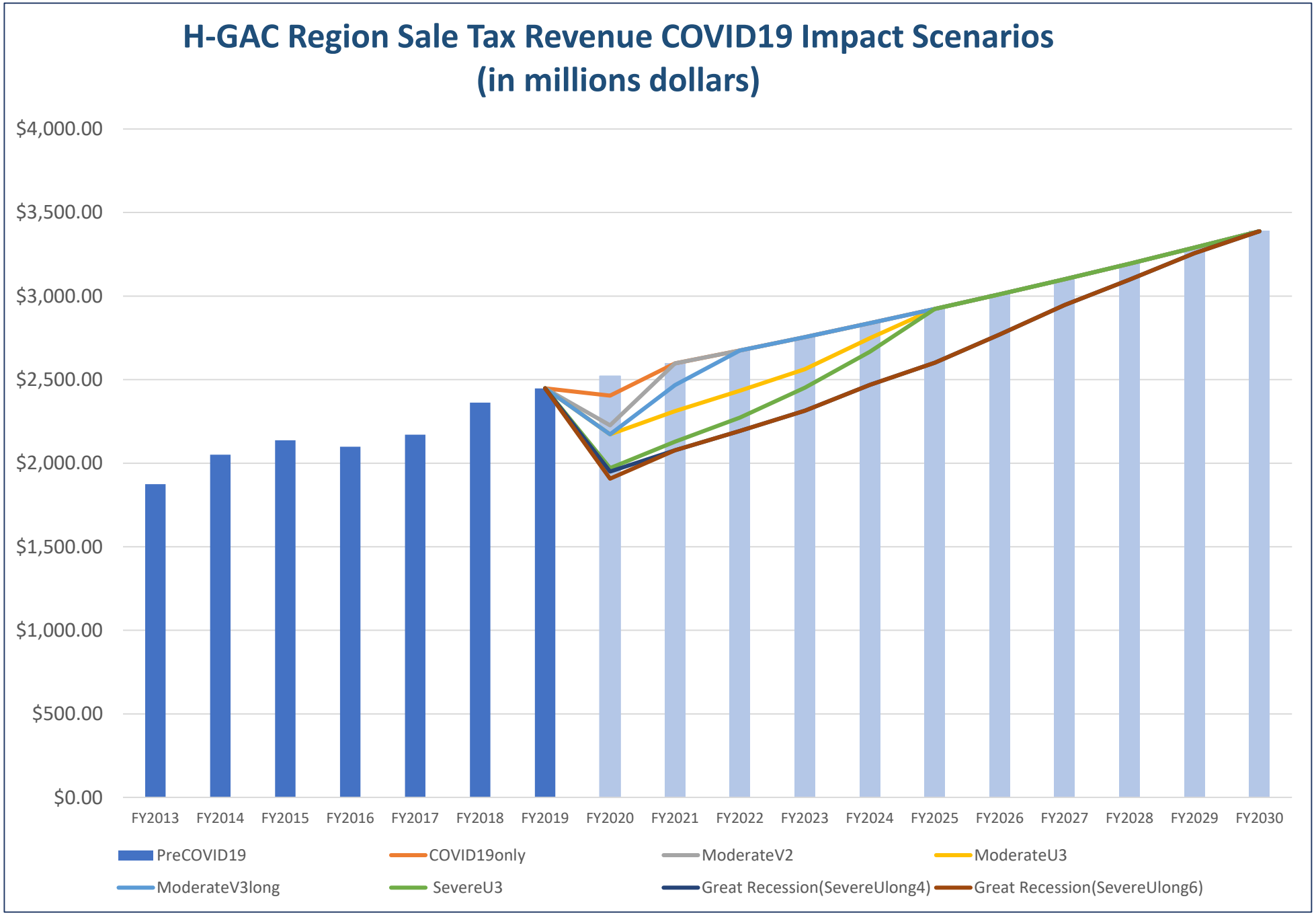

H-GAC Region Sale Tax Revenue COVID19 Impact Scenarios
(in millions dollars)
$4,000.00
$3,500.00
$3,000.00
$2,500.00
$2,000.00
$1,500.00
$1,000.00
$500.00
$0.00
FY2013
FY2014
FY2015
FY2016
FY2017
FY2018
FY2019
FY2020
FY2021
FY2022
FY2023
FY2024
FY2025
FY2026
FY2027
FY2028
FY2029
FY2030
PreCOVID19
COVID19only
ModerateV2
ModerateU3
ModerateV3long
SevereU3
Great Recession(SevereUlong4)
Great Recession(SevereUlong6)

Table 1: Potential Loss of Sales Tax Revenue due to COVID-19 from 2020 through 2030 (in Millions)

Scenario (Recession) Type and Recovery	Back to Baseline	Scenario	Length of Disruption				
			2 mo.	3 mo.	4 mo.	5 mo.	6 mo.
COVID only (V)	Dec-21	A	-$116.7	-$175.1	-$200.2	-$225.4	-$250.6
Mild (V)	Dec-21	B	-$205.6	-$261.8	-$286.0	-$310.2	-$334.5
Moderate (V)	Dec-21	C	-$294.4	-$348.5	-$371.8	-$395.1	-$418.4
Moderate (V-Long)	Dec-22	D	-$424.3	-$478.3	-$501.6	-$524.9	-$548.2
Moderate (U)	Dec-25	E	-$1103.0	-$1157.0	-$1180.3	-$1203.6	-$1226.9
Severe (V)	Dec-21	F	-$501.4	-$550.5	-$571.6	-$592.7	-$613.9
Severe (V-Long)	Dec-22	G	-$709.2	-$758.2	-$779.4	-$800.5	-$821.6
Severe (U)	Dec-25	H	-$1843.4	-$1892.4	-$1913.6	-$1934.7	-$1955.8
Severe (Great Recession [U-Long])	Dec-30	I	-$3158.1	-$3207.1	-$3228.2	-$3249.4	-$3270.5

Table 3. Potential Loss in Sales Tax Revenue for FY2020 and FY2021

		Sales Tax Revenue		Change in Sales Tax Revenue		Percent Change in Sales Tax Revenue	
Impact Level	Scenario-Level	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021
No Impact	Pre-covid 19 Revenue Forecast	$2,521,227,562	$2,596,864,389				
Minimum Impact Revenue Forecast	Moderate V with Three month disruption	$2,172,766,453	$2,596,864,389	-$348,461,109	$0	-14%	0%
Medium Impact Revenue Forecast	Moderate U with Four month disruption	$2,149,460,713	$2,311,209,306	-$371,766,849	-$285,655,083	-15%	-11%
Maximum Impact Revenue Forecast	Severe ULong with Six Months Disruption	$1,907,347,073	$2,077,491,511	-$613,880,488	-$519,372,878	-24%	-20%

Questions?

Contact Information

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