



Crestline SOLUTIONS

COVID-19: Texas Update

May 4, 2020

1. Comptroller reports large decline in April revenue collections ...

On Friday, the Comptroller [released April revenue collections](#) ... monthly sales tax revenue showed a 10% decline year-over-year ... but collections through April of this year are actually 10% higher than last year due to strong growth prior to the coronavirus outbreak ...

Sales tax collections make up roughly 57% of the state’s revenue collections ... May’s collections are likely to be significantly lower still, as the social distancing measures only affected a portion of April’s remittances.

Oil and gas severance tax collections also showed steep declines of 45% and 48% respectively.

The Comptroller has [previously advised](#) that his July adjustment to the revenue estimate will be revised downwards by “several” billion dollars.

Tax Collections by Major Tax	September 2019	October 2019	November 2019	December 2019	January 2020	February 2020	March 2020	April 2020	Total	Percent change Current vs. Last Year	CRE Estimate
Sales Taxes	2,733,519	2,808,301	3,174,981	3,003,593	3,038,610	2,853,703	2,650,851	2,544,718	22,808,276	10.38%	32,778,857
Percentage Change	140.13%	6.95%	6.16%	4.87%	7.80%	2.48%	1.70%	-10.21%			

Oil Production Tax	334,149	346,334	344,408	362,505	395,707	371,841	305,524	190,614	2,651,081	6.55%	3,887,273
Percentage Change	-0.74%	4.75%	-1.82%	18.31%	44.15%	38.46%	10.52%	-44.63%			

Natural Gas Production Tax	98,621	84,375	119,606	113,995	130,967	136,385	101,633	66,877	852,461	-29.01%	1,482,832
Percentage Change	-34.46%	-22.80%	-33.13%	-33.76%	-14.37%	-16.71%	-30.09%	-47.79%			

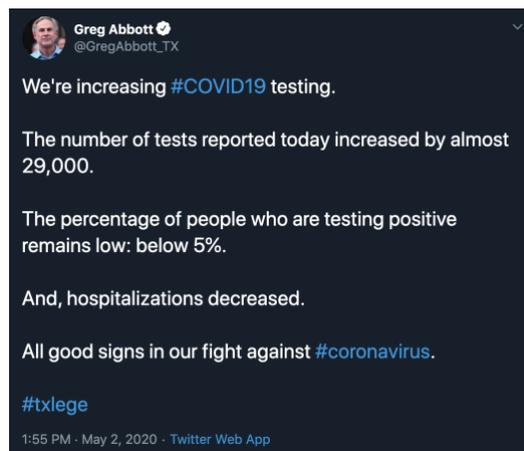
The Comptroller has also said that [no special session would be needed](#) ... opining that a combination of proactive budget cuts by state agencies and federal relief money would tide the state over until the 2021 Legislative session.

2. Texas cases are still on the rise ...

As of Sunday, Texas had experienced four consecutive days with over 1,000 new cases ... this rise in new cases has coincided with the date that Texas began to slowly reopen business and has sparked [debate](#) about whether the reopening process is starting too soon.

These daily increases also coincide with a [steady increase in the number of tests](#) being administered each day ...

On Saturday, the Governor cited the increased number of tests, the low percentage in those testing positive, and a decrease in hospitalizations, as [encouraging signs](#) and an explanation of the increase in new confirmed cases ... offering new insight into the metrics he will use as he decides whether to continue to Phase 2 of reopening ... which could come as soon as May 15.



3. Other tidbits ...

Texas' flagship universities are planning to [reopen next fall](#) ... and resume athletics, too.

Discussions continue in D.C. about [another round of stimulus](#) funding ... but Democrats and Republicans appear far apart on issues such as liability protection for employers, bailouts for state and local governments, and another round of direct checks to households.

The White House is taking a [wait-and-see approach](#) on more stimulus ... while also acknowledging that the economic data over the next few months would be about “as bad as you’ve ever seen” ...

That is all today.