



## THE INTERLINK ECONOMIC INFORMER

### ISSUES AFFECTING THE LABOR MARKET

North Central Texas InterLink, Inc.

U.S. Debt Clock: <http://www.usdebtclock.org/index.html>

#### Texas Comptroller Announces Fiscal 2016 Revenues

September 8, 2016— Texas Comptroller Glenn Hegar released totals for fiscal 2016 state revenues, in addition to announcing monthly state revenues for August.

- Net revenue available for general purpose spending after severance tax revenues are set aside for transfer to the Economic Stabilization Fund (ESF) and the State Highway Fund (SHF) was \$49.9 billion, 1.3% below the Certification Revenue Estimate (CRE) projection of \$50.6 billion.
- Sales tax revenue for the year was \$28.2 billion, 3.5 % below the CRE projection of \$29.3 billion.
- Oil production and regulation tax revenue was \$1.7 billion, 7.6 % below the CRE projection of \$1.8 billion, while natural gas tax revenue was \$579 million, 33.6 % below the CRE projection of \$871 million.
- Franchise tax revenue was \$3.9 billion. While this source of revenue was down 16.6 % compared to fiscal 2015 as a result of tax rate reduction, it finished 10 % ahead of the CRE estimate of \$3.5 billion.
- Due to the weakness in the oil and gas sector and the continued downward trend of sales taxes when compared year over year, we expected total tax collections to come in below estimates, however, the current budget continues to work. Unlike other energy states, Texas doesn't need to make cuts to the current budget and will end the fiscal year with a substantial balance."
- The state will set aside \$879 million for transfer to the ESF and the SHF based on fiscal 2016 oil production tax collections. Natural gas production tax collections did not meet the threshold for transfer. Each fund will receive \$439.5 million., bringing the ESF to \$10.1 billion, a record high. (The transfer amounts are based on whether oil production and natural gas production tax revenues exceed 1987 collections. If either tax is greater than the 1987 threshold, an amount equal to 75 % of the excess is transferred.)
- Fiscal 2016 was finished with \$651 million less for general purpose spending than estimated in the CRE, 1.3 % below estimate. "The decline in state sales tax revenue was led by reduced collections from the oil and natural gas-related sectors, but collections from the retail trade and information sectors also were down compared to a year ago," Hegar said. "Increases continued to be seen from construction and restaurants."

● Total sales tax revenue for the three months ending in August 2016 is down 1.7 compared to August 2015. Sales tax revenue is the largest source of state funding for the state budget, accounting for 58 % of all tax collections in fiscal 2016. Motor vehicle sales and rental taxes, motor fuel taxes and oil and natural gas production taxes also are large revenue sources for the state.

In August 2016, Texas collected the following revenue from those taxes, compared to August 2015:

- motor vehicle sales and rental taxes — \$451 million, up 5.9 %
- motor fuel taxes — \$306.7 million, unchanged ; and
- oil and natural gas production taxes — \$211.3 million, down 30 %

Source: Comptroller's Press Release

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#### TEXAS INDUSTRY NUMBERS SEASONALLY ADJUSTED

Industry Title	Aug 2016	July 2016	Aug 2015
<b>Total Nonagricultural</b>	12,053,400	12,032,000	11,862,800
<b>Total Private</b>	10,154,900	10,136,400	10,004,000
<b>Goods Producing</b>	1,762,300	1,761,400	1,818,200
Mining and Logging	224,400	224,600	260,200
Construction	693,600	692,300	684,800
Manufacturing	844,300	844,500	873,200
<b>Service Providing</b>	10,291,100	10,270,600	10,044,600
Trade, Transportation, and Utilities	2,440,900	2,436,900	2,403,400
Information	203,600	201,800	201,700
Financial Activities	746,500	740,300	722,300
Professional and Business Services	1,624,300	1,621,900	1,598,300
Education and Health Services	1,652,800	1,654,900	1,591,300
Leisure and Hospitality	1,296,700	1,296,900	1,248,300
Other Services	427,800	422,300	420,500
<b>Government</b>	1,898,500	1,895,600	1,858,800

Source Texas Workforce Commission - June Release

#### AUGUST 2016 EMPLOYMENT

Not Seasonally Adj	Civilian Labor Force	Employed	Unemployed	Rate
US	158,800,000	151,804,000	7,996,000	5.0%
TX	13,378,918	12,709,695	669,223	5.0%
D/FW Region	3,783,449	2,350,728	155,718	4.1%

Source: Texas Workforce Commission

#### U.S. ECONOMIC NUMBERS

Long Term Unemployed (27+ wks) % of unemployed 26.1%	Aug '16	2,006,000
Consumer Price Index	Aug '16	+0.2%
Payroll Employment	Aug '16	+151,000 (p)
Average Hourly Earnings	Aug '16	+\$0.03 (p)
Producer Price Index	Aug '16	-0.4% (p)
Employment Cost Index	2nd Qtr of '16	+0.6%
Productivity	2nd Qtr of '16	-0.6%
U.S. Import Price Index	Aug '16	-0.2%
U.S. Export Price Index	Aug '16	-0.8%

(p) preliminary; (c) corrected

Source: U. S. Department of Labor. Information is the latest available at printing