

Shale, retail help boost sales tax revenues

By Mike D. Smith

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CORPUS CHRISTI — Cities across South Texas are coasting atop rising sales tax revenues strongly driven by two factors: retail and shale.

The Texas Comptroller's Office allocated more than \$4 million to Corpus Christi in December.

The payment brings the city's yearly total to more than \$62.7 million, or 12 percent higher than what the city received by late 2010, figures show.

Monthly sales tax revenue payments are staggered. The December figures reflect taxes collected in October, which vendors reported in November.

Retail activity has shown an increase, but the totals also show impacts of Eagle Ford Shale drilling more than 50 miles away are rippling into the city, interim Finance Director Constance Sanchez said.

"That would be the different companies that are needed for the Eagle Ford Shale and they're buying equipment and things they need for that," Sanchez said.

For the city's fiscal year, which began Aug. 1, the city has collected 11.9 percent more revenue than what was collected during the same time in 2010 and 7.4 percent above what the city budgeted, Sanchez said.

While the city is happy with the positive difference, the windfall doesn't mean officials can relax headed into the next budget season.

Property tax revenue increased at a much lesser rate than in previous years, Sanchez said. Preliminary property values will arrive in April.

Even with cuts, some city expenses have also increased such as utilities and contractual obligations, Sanchez said.

"We have to take all this into account," Sanchez said. "It's really too soon to say things are looking good because of the overall big picture."

Eagle Ford's effects are more pronounced in some of the cities at or near the heart of production.

George West in Live Oak County, for example, received a monthly allocation of more than \$57,000, which is 56 percent higher than December 2010's payment.

Through the December payment, George West is up 54 percent with more than \$616,000, figures show.

Beeville's monthly allocation increased about 40 percent over December 2010, and the city is up 26 percent in collections with about \$3.4 million.

Alice, away from the heart of drilling activity in Jim Wells County, continues to enjoy the retail and other side benefits of drilling as hotels are built and stores expand.

Alice's allocations top \$15.3 million, which is 44 percent higher than by the same time in 2010.

Statewide, the Comptroller's Office remitted \$478.3 million to local governments in December — a year-to-year increase of 9.7 percent.



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