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PRESS RELEASE

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May 2020 sales tax numbers released for City of Kerrville

Kerrville, Texas (May 6, 2020) – The City of Kerrville collected \$953,017 in sales tax in May, 2020, which reflected a 6.55% increase from prior year. However, the May 2019 number needs to be adjusted upward for a non-recurring item of \$86,105, resulting in an actual decline of 2.8% in current month sales tax collections on a comparable basis. The May 2020 sales tax number fell 8.2% short of the city’s fiscal year 2020 budget for the month. Sales tax collections are reported on a two-month lag (i.e., taxes collected in May were generated from March sales), and the city’s 8.2% decline from budget was fueled by an approximate two-week negative impact by the COVID-19 virus in March.

In April, the city released a forecast projecting potential COVID-19-related impacts that predicted a 15% sales tax shortfall to budget in May, meaning that the 8.2% decrease was not as severe as expected. However, the city is anticipating a 40% negative variance to budget in June (April sales), which will reflect a full month of Texas Governor Greg Abbott’s mandatory stay-at-home order that curtailed much of Kerrville’s business activity in April.

In addition to sales tax, COVID-19 is having a significant negative impact on recreation revenue, hotel occupancy tax, municipal court fines and even EMS revenue. The city plans to cut expenditures across all departments and is closely monitoring financial developments and updating the forecast for the remaining months in the fiscal year. City staff will provide updates on both revenue and expenditure projections to the City Council at their May 26 meeting.

“The bad news is that May sales tax declined 2.8% compared to May 2019 and was 8.2% lower than budget in May as Kerrville began to experience the negative economic impacts associated with COVID-19,” Chief Financial Officer Amy Dozier said. “The good news is that the decline was not as steep as projected. However, we expect to see a more significant decline in the June sales tax numbers, which will reflect sales that occurred in April. The City remains vigilant in reducing expenditures and actively monitoring and revising financial forecasts during this turbulent time.”

