

# **A Report of Annual Sales Taxes Collected by the Town of Flower Mound, Texas from Non-Residents**

July 6, 2011

Prepared by:

Impact DataSource  
4709 Cap Rock Drive  
Austin, Texas 78735  
512.892.0205  
Fax 512.892.2569  
jwalker@onr.com

**Impact**DataSource

# TABLE OF CONTENTS

Introduction .....	3
Conclusion of the Study .....	3
Annual Sales in Flower Mound .....	3
Annual Sales Tax Collections by the Town of Flower Mound from Non-Residents .....	5
Conduct of the Analysis .....	6

## INTRODUCTION

This report presents estimates of annual sales taxes collected by the Town of Flower Mound, Texas from non-residents. This study was conducted by Impact DataSource, an Austin, Texas economic consulting, research and analysis firm.

## CONCLUSION OF STUDY

The Town of Flower Mound collects an estimated 43.7% of its sales taxes from local sales made to Flower Mound residents and 56.3% from non-residents. This amounted to \$5.8 million in estimated annual sales taxes collected on sales to Flower Mound residents in 2010 and \$7.5 million in sales taxes collected on local sales made to non-residents.

After a dip in taxable sales during 2009, local taxable sales have recovered with taxable sales in 2010 exceeding taxable sales in 2007 by almost 3%.

## ANNUAL SALES IN FLOWER MOUND

### Taxable Sales and Sales Tax Collections by the Town of Flower Mound 2001-2010

The following table shows sales tax collections by the Town of Flower Mound over the past 10 years, the sales tax rate each year, the implied taxable sales and percent of increases in taxable sales in the Town during this period.<sup>1</sup>

Sales Tax Collections in Flower Mound, Percent of Annual and Taxable Sales				
Fiscal Year	The Town's Sales Tax Collections	The Town's Sales Tax Rate	Taxable Sales	Percent of Annual Increase
2001	\$3,236,393	1.0%	\$323,639,336	
2002	\$3,775,981	1.0%	\$377,598,134	16.7%
2003	\$3,917,972	1.0%	\$391,797,191	3.8%
2004	\$4,501,844	1.0%	\$450,184,370	14.9%
2005	\$5,547,917	1.0%	\$554,791,727	23.2%
2006	\$6,013,537	1.0%	\$601,353,729	8.4%
2007	\$6,516,546	1.0%	\$651,654,614	8.4%
2008	\$10,007,321	1.5%*	\$667,154,757	2.4%
2009	\$12,430,304	2.0%	\$621,515,192	-6.8%
2010	\$13,381,422	2.0%	\$669,071,121	7.7%

\*Town sales tax rate was 1.0% for the first 6 months and 2.0% for the last 6 months of FY 2008.

<sup>1</sup> The Town's sales tax collections for fiscal years 2001-2010 are actual collections and were obtained from the Town of Flower Mound. Taxable sales are Impact DataSource's calculations, dividing the Town's sales tax collection by the Town's sales tax rate during the period.

## Retail Sales in Flower Mound to Residents and Non-Residents

A sales analysis shows that residents in the town made \$1.295 billion in consumer expenditures during 2010.<sup>2</sup> In addition, an estimated \$876 million of this spending was subject to sales tax.<sup>3</sup> An estimated \$292 million of the taxable spending by Flower Mound residents during 2010 was in Flower Mound, as shown below.<sup>4</sup>

Estimated Taxable Spending by Flower Mound Residents in the Town During 2010				
	North American Industry Classification (NAICS)	Consumer Expenditures of Flower Mound Residents	Estimated Total Taxable Spending by Flower Mound Residents	Estimated Taxable Spending by Flower Mound Residents in Flower Mound
Total Expenditures		\$1,295,071,180	\$876,095,945	\$292,327,359
Motor Vehicle and Parts Dealers	441	\$228,550,517	\$78,840,319	\$6,351,517
Furniture and Home Furnishings Stores	442	\$34,426,985	\$34,426,985	\$9,707,654
Electronics and Appliance Stores	443	\$34,650,390	\$34,650,390	\$11,467,798
Building Material, Garden Equip Stores	444	\$145,446,386	\$145,446,386	\$58,178,554
Food and Beverage Stores	445	\$150,809,729	\$60,323,892	\$32,601,226
Health and Personal Care Stores	446	\$63,314,872	\$35,566,836	\$19,966,814
Gasoline Stations	447	\$92,995,691	\$37,198,276	\$18,599,138
Clothing and Clothing Accessories Stores	448	\$74,029,300	\$74,029,300	\$12,132,698
Sporting Goods, Hobby, Book, Music Stores	451	\$31,215,517	\$29,654,741	\$13,046,809
General Merchandise Stores	452	\$177,614,874	\$177,614,874	\$45,292,256
Miscellaneous Store Retailers	453	\$33,288,643	\$33,288,643	\$9,665,376
Non-Store Retailers	454	\$92,544,810	\$9,254,481	\$1,850,896
Foodservice and Drinking Places	722	\$136,183,466	\$125,800,822	\$53,466,622

Therefore, of the total taxable sales of \$669 million in total taxable sales in Flower Mound in 2010, as shown on an earlier schedule, an estimated 43.7% of those sales or \$292 million were made to Flower Mound residents. This means that over \$376 million in retail sales in Flower Mound in 2010 were drawn from residents of other areas or about 56.3% of total retail sales in Flower Mound were made to non-residents, as shown on the following page.

<sup>2</sup> RMP Opportunity Gap – Retail Stores report, Claritas, June 6, 2011. Claritas' retail market potential data is derived from two major sources of information. The demand data is derived from the Consumer Expenditure Survey, which is fielded by the U.S. Bureau of Labor Statistics. The supply data is derived from the Census of Retail Trade, which is made available by the U.S. Census.

<sup>3</sup> Impact DataSource calculation by identifying the categories of consumer expenditures subject to sales tax.

<sup>4</sup> Impact DataSource estimate

<b>Estimated Taxable Spending in Flower Mound during 2010 by Residents and Non-Residents</b>	
Total taxable sales in Flower Mound in 2010	\$669,071,121
Estimated taxable spending in Flower Mound by Flower Mound residents	\$292,327,359
Percent of total taxable spending in the town by Flower Mound residents	43.7%
Estimated taxable spending in Flower Mound by residents of surrounding areas	\$376,743,762
Percent of total taxable spending in the town by non-residents	56.3%

The results shown above reflect the realities of cross-community shopping in the Dallas-Fort Worth metro area. Flower Mound is home to a diverse set of retailers, attracting shoppers from across the region. Similarly, Flower Mound residents have a multitude of retail shopping opportunities throughout the metro area.

In addition, commuters flow in and out of Flower Mound on a daily basis. More than 30,000 Flower Mound residents commute to work outside of the Town of Flower Mound. Only about 3,600 of Flower Mound's residents work in the Town of Flower Mound. Approximately 15,600 workers commute in to Flower Mound each day to work.<sup>5</sup>

The portion of sales taxes that the Town of Flower Mound collects from the spending of Flower Mound residents and from the spending of non-residents is presented next.

## **ANNUAL SALES TAX COLLECTIONS BY THE TOWN OF FLOWER MOUND FROM NON-RESIDENTS**

The Town of Flower Mound's local sales tax rate is 2% in total. The local sales tax rate is composed of the following components.

<b>Components of Flower Mound's 2% Sales Tax Rate</b>	
General Fund	1.00%
4B Parks	0.25%
Street Maintenance	0.25%
Fire District	0.25%
Crime District	0.25%
<b>Total Sales Tax Rate</b>	<b>2.00%</b>

<sup>5</sup> Local Employment Dynamics 2009 – US Census

Therefore, during 2010 the Town collected the following estimated sales taxes from local sales made to Flower Mound residents and to non-residents:

<b>Estimated Sales Tax Collections from Sales to Local Residents and to Non-Residents during 2010</b>	
Total sales taxes collected during 2010 by the Town of Flower Mound	\$13,381,422
Estimated sales tax collections from sales to Flower Mound residents (43.7% of total collections)	\$5,846,547
Estimated sales tax collections from sales to non-residents (56.3% of total collections)	\$7,534,875

## **CONDUCT OF THE ANALYSIS**

Impact DataSource conducted this analysis using information obtained from the Town of Flower Mound and Claritas, a national data service. In addition, Impact DataSource used certain estimates and assumptions.

Using this data, the Town's sales tax collections from sales to Flower Mound residents and non-residents were estimated.

Impact DataSource is a 17-year-old Austin, Texas economic consulting, research and analysis firm. The firm has conducted economic impact analyses of numerous projects in Texas and in 24 other states. In addition, the firm has developed economic impact analysis computer programs for several clients, including the New Mexico Economic Development Department.