



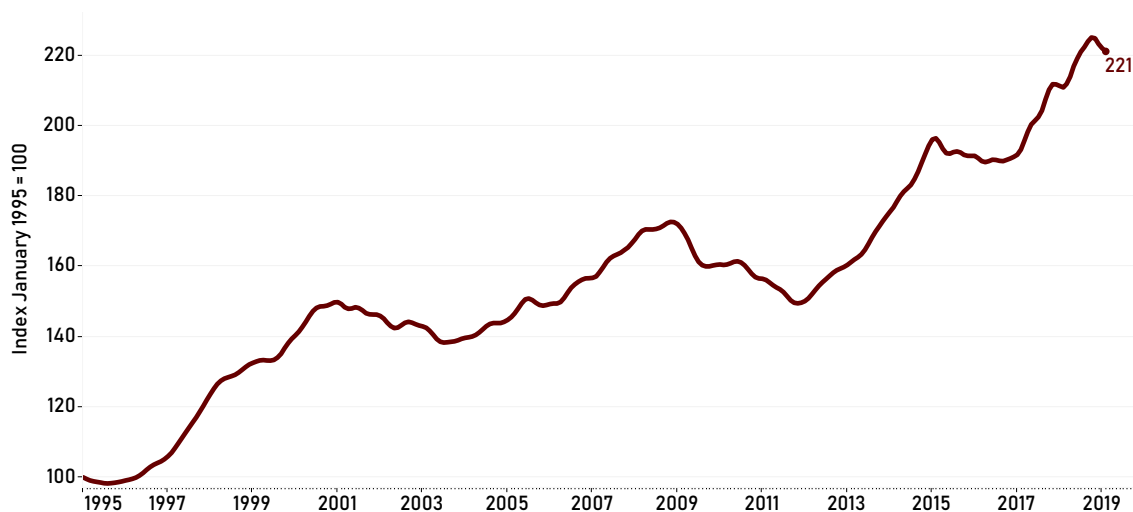
HIGHLIGHTS

- The Business Cycle Index measured one point lower than the revised January 2019 value, a -4.7% annualized rate of decline.
- Nonfarm employment for January was revised downward by 0.1% from the value released last month, and the February value was 0.5% lower than the revised January number.
- The unemployment rate in February 2019 remained at 3.1%, the same rate as in January.
- Real taxable sales increased by 1.5% in February 2019, and are up 9.4% relative to February of 2018.
- The focus this month is on property and sales taxes. Average property taxes per person in College Station-Bryan are similar to the state average.
- Local property taxes and around the state have been growing faster, and state sales taxes slower, than the sum of inflation plus population growth.

THE COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX

Figure 1 depicts the College Station-Bryan (CSB) Business-Cycle Index. The February 2019 estimate of the CSB Business-Cycle Index is 221, one point lower than the revised January 2019 value.

FIGURE 1. COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX

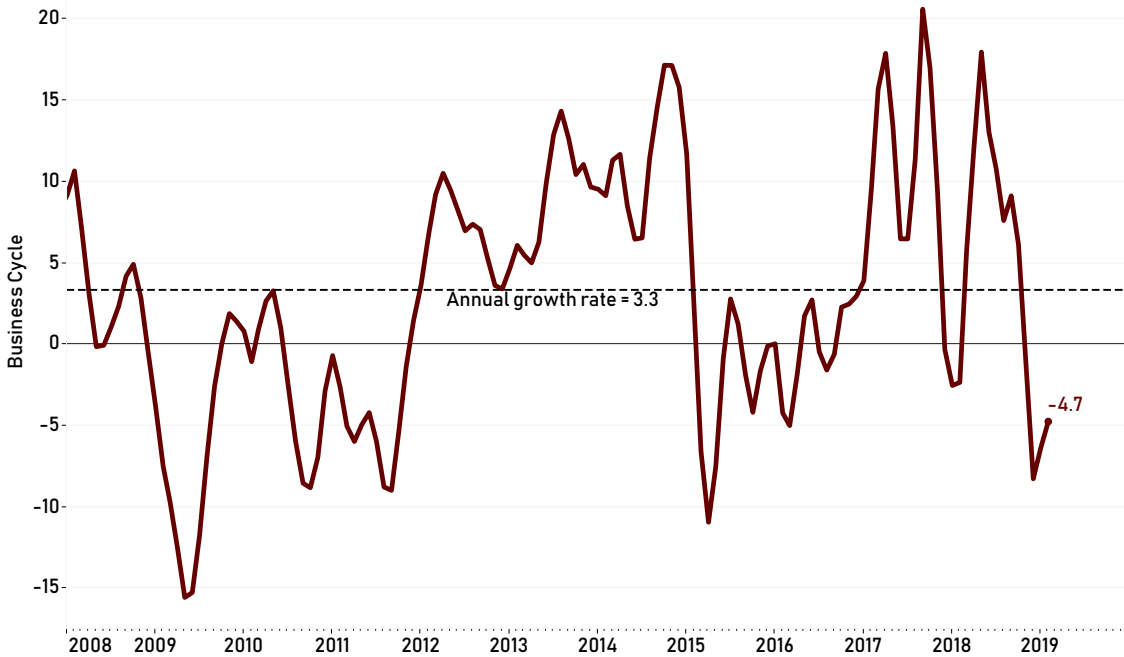


Last reported data point: February 2019 (monthly). Source: Private Enterprise Research Center.

THE COLLEGE STATION-BRYAN BUSINESS-CYCLE

The CSB Business-Cycle Index declined by 0.4% in February, an annualized rate of -4.7%. This continued decline in the business-cycle index is mainly driven by the recent upward movements in the unemployment rate as well as the decrease in nonfarm employment.

FIGURE 2. COLLEGE STATION-BRYAN BUSINESS-CYCLE

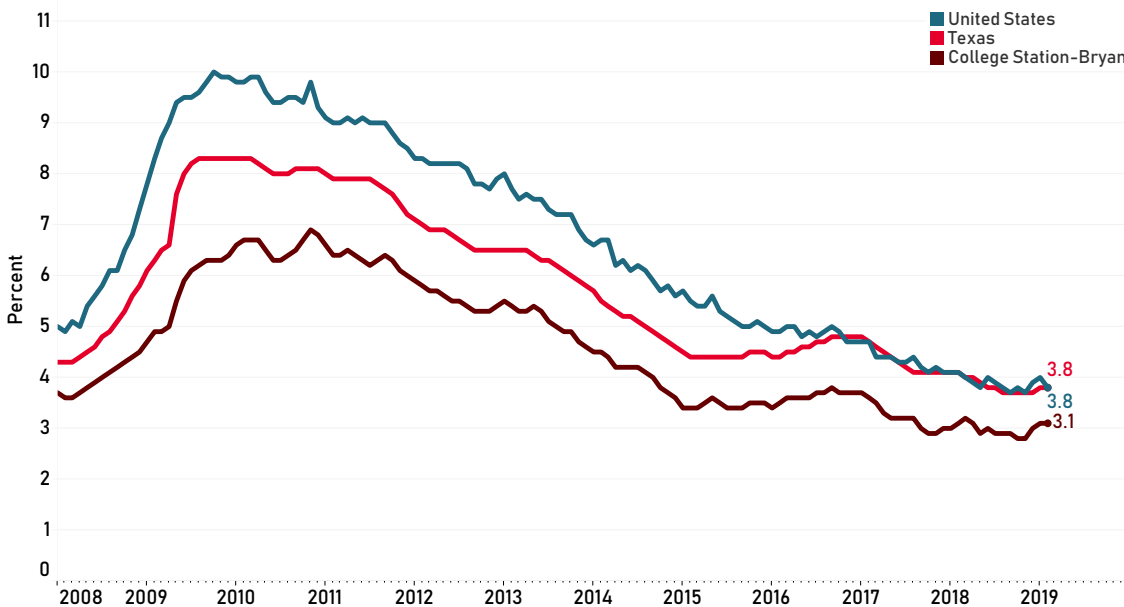


Annualized month-to-month growth rates. Last reported data point: February 2019 (monthly). Source: Private Enterprise Research Center.

UNEMPLOYMENT RATE

The February unemployment rate in CSB remained at 3.1%. As has been the case for many years, the current rate in CSB remains lower than the rate for Texas and for the U.S. The rate in Texas stayed at 3.8% in February, while the national rate declined to 3.8% from its January rate of 4%.

FIGURE 3. UNEMPLOYMENT RATE



Seasonally adjusted. Last reported data point: February 2019 (monthly). Source: Bureau of Labor Statistics.

FOCUS ON THE COLLEGE STATION-BRYAN MSA

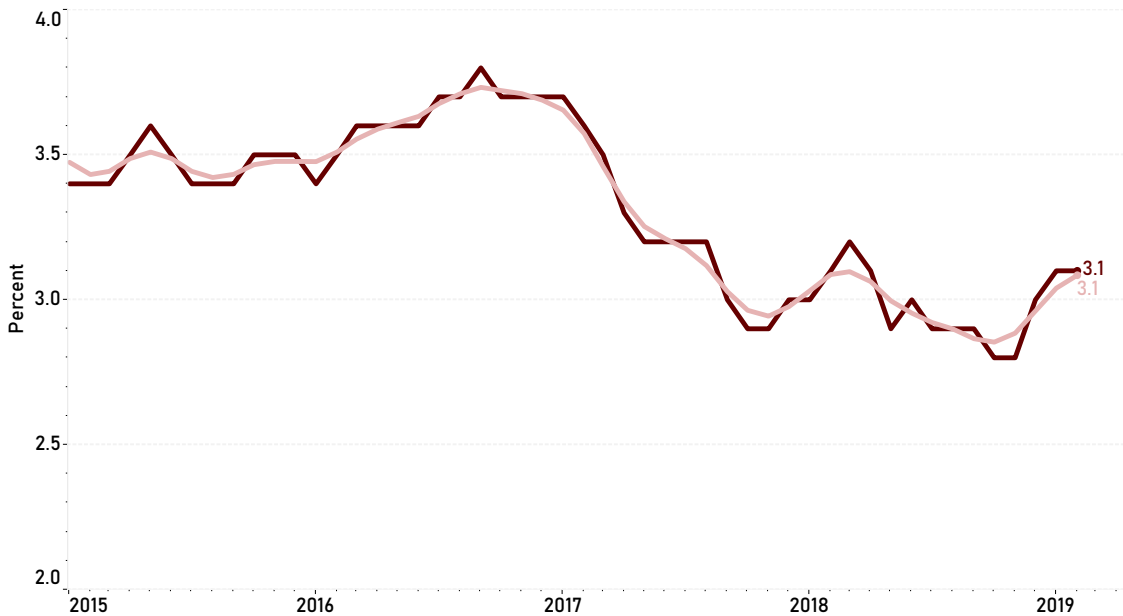
In this issue of *Economic Indicators* we discuss one of the four series used in the model that produces the monthly index. The local focus is on per person property taxes in the CSB MSA, in several MSAs in the “Texas triangle”, and across the state. We also compare per person property taxes to per person sales taxes for all Texans.

Texas is one of seven states without a state income tax. Texas state and local governments rely heavily on sales taxes and property taxes to fund services. Texas has one of the lowest tax burdens as a share of income.

UNEMPLOYMENT RATE: THE MOVING AVERAGE

The unemployment rate is shown in Figure 4 below, along with the moving average of the unemployment rate. This moving average is an input into our model of the business cycle index. This graph shows the period from January 2015 to the present. The moving average is calculated using a 5-month weighted average, including two past values, two future values, and the current value of the unemployment rate.¹ The moving average smooths out sudden movements in the unemployment rate and is intended to better capture the important systematic movements in the unemployment rate as opposed to sharp one-month movements. The effects of this smoothing shows up in the most recent data points — in the last months of 2018, our smoothed series was above the reported values, and then between January and February 2019 our smoothed series is below the reported values. The smoothed unemployment rate is an important component of the overall model and its movements continue to affect the recent slowdown in the local business-cycle index.

FIGURE 4. COLLEGE STATION-BRYAN UNEMPLOYMENT RATE WITH MOVING AVERAGE

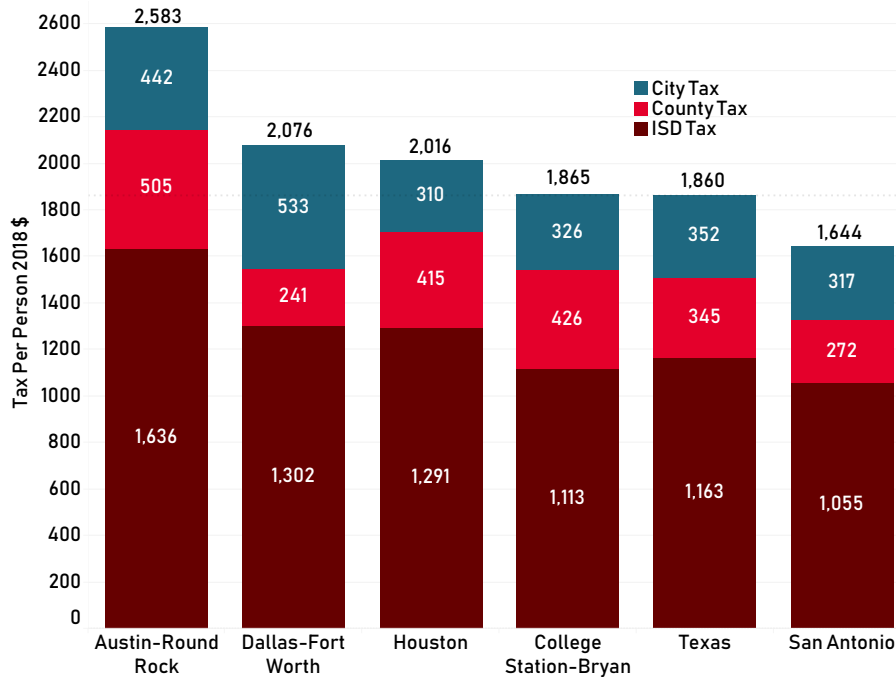


Source: Seasonally adjusted. Last reported data point: February 2019 (monthly). Source: Bureau of Labor Statistics; Private Enterprise Research Center for moving average.

PROPERTY TAXES

Figure 5 presents data on inflation-adjusted per person property tax levies in major metropolitan areas and for the entire state. The data include total levies within an MSA for property taxes going to cities, to counties, and to school districts. The data also include state-wide levies for these purposes. (Property taxes to special districts, such as utility districts, are not included in this analysis.) The tax levy data is from the Texas Comptroller of Public Accounts. Property taxes in College Station-Bryan averaged \$1,865 per person, about the same as the state average of \$1,860. Clearly school districts are the largest single recipient of property tax dollars. While county taxes per capita in College Station-Bryan are higher than the state average, local residents face lower school district and city taxes.

FIGURE 5. INFLATION-ADJUSTED TAX LEVY PER PERSON, 2017, SELECTED METRO AREAS

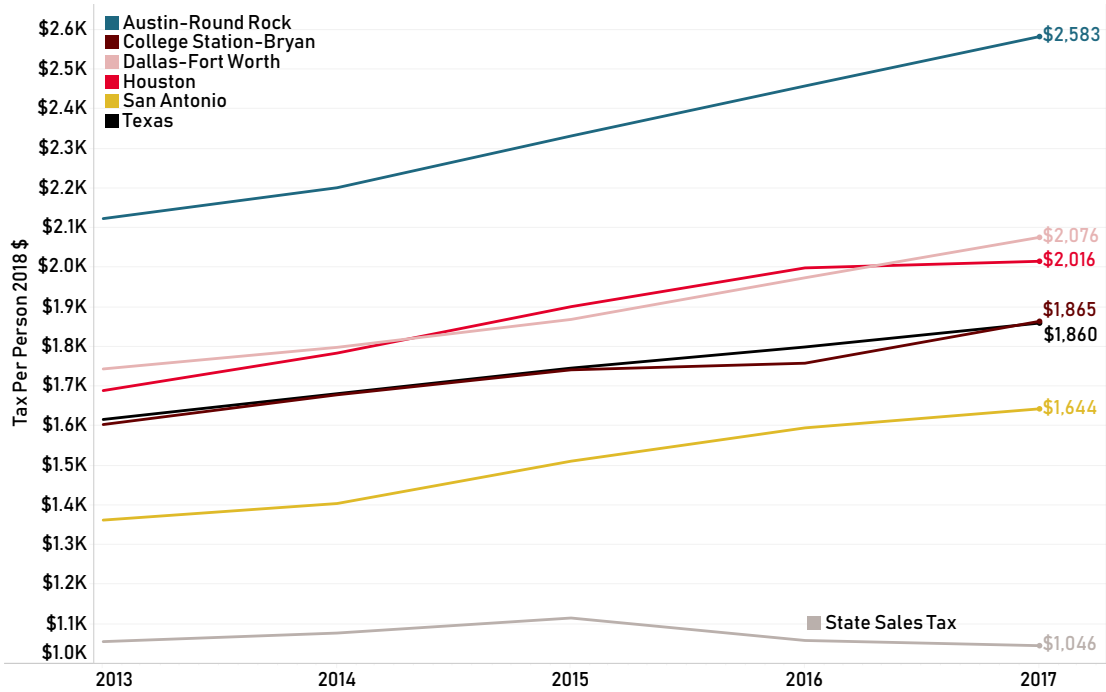


Tax levies allocated to school districts, cities, and counties in 2017. Sources: Texas Comptroller of Public Accounts and US Census Bureau.

PROPERTY AND SALES TAXES

Figure 6 depicts the total real per person property tax levies from 2013 to 2017. The rising lines indicate that property tax levies have been rising faster than inflation plus population growth. We also show the average per person real sales taxes in Texas. While property taxes per person have increased in real terms over the period, we see that sales tax remained relatively flat, with a slight increase from 2013 to 2015, and a noticeable decrease from 2015 to 2017. Sales taxes have recently been rising slower than inflation plus population growth.

FIGURE 6. ANNUAL REAL PER PERSON PROPERTY AND SALES TAXES



Sum of per person school district, city and county levies; and statewide per person collection of sales tax. Last reported data point: 2017 (annual). Source: Texas Comptroller of Public Accounts and US Census Bureau.

NOTES AND LINKS

The extent of the College Station-Bryan MSA is defined by the Census Bureau and includes Brazos, Burleson, and Robertson counties. The Business-Cycle Index is re-estimated each month using the most recent data for the four economic variables included in the model: the unemployment rate, nonfarm employment, real wages, and real taxable sales. The real wage series is released on a quarterly basis and the other three are released monthly. The underlying data series are subject to revision. With new monthly data and revisions of past data, each month the Index and the Business-Cycle will differ from previous estimates.

For more details about the CSB Business-Cycle Index see: *Methodology for Constructing an Economic Index for the College Station-Bryan Metropolitan Statistical Area*.

ENDNOTES

¹ At the end of the sample, the moving average uses anticipated rates as well as past rates, and changes as data are revised and as new data become available.

DATA SOURCES

Inflation

U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: All Items [CPIAUCSL], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/CPIAUCSL>. Wages and Taxable Sales are converted to real dollars (inflation-adjusted) using the CPI-U.

Nonfarm Employment

Federal Reserve Bank of Dallas, Texas Workforce Commission, and Bureau of Labor Statistics, Total Non-farm Payroll Employment for College Station-Bryan, TX (MSA), two-step Seasonally Adjusted, retrieved from Federal Reserve Bank of Dallas, <https://www.dallasfed.org/research/econdata/brysa.aspx>

Property Tax Levies

Texas Comptroller of Public Accounts, Property Tax Assistance, Tax Rates and Levies. School District, City and County Levies 2013-2017; <https://comptroller.texas.gov/taxes/property-tax/rates/>

Population Estimates

United States Census Bureau. 2017 American Community Survey 1-year Estimates using American FactFinder; Table ID: B01003; <http://factfinder.census.gov/>; (accessed on 3/18/2019).

Taxable Sales (Sales and Use Tax Allocation)

Texas Comptroller of Public Accounts, Allocation Payment Detail, Current Period Collections. Data available through Texas Comptroller of Public Accounts: <https://mycpa.cpa.state.tx.us/allocation/AllocDetail> for years 2016 to 2018. Historical data prior to 2016 from Texas Comptroller of Public Accounts. Seasonal Adjustment by Private Enterprise Research Center.

Sales Tax

Texas Comptroller of Public Accounts, Transparency, Reports, Revenue by Source 1978-2018; <https://comptroller.texas.gov/transparency/reports/revenue-by-source/>

Unemployment Rate

Bureau of Labor Statistics, Unemployment by Metropolitan Area, Seasonally Adjusted, Local Area Unemployment Statistics, retrieved from Bureau of Labor Statistics, <https://www.bls.gov/lau/metrossa.htm>

Wages

Bureau of Labor Statistics, Total Quarterly Wages in College Station-Bryan, TX (MSA), retrieved from <https://www.bls.gov/cew/datatoc.htm>. Quarterly files by area. Seasonal Adjustment by Private Enterprise Research Center.

CONTACT



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The Brazos Valley Economic Development Corporation serves Brazos County, the City of Bryan, the City of College Station, Texas A&M University, the surrounding region and private sector investors through the Invest Brazos Valley program. BVEDC helps companies launch, grow, and locate in the Brazos Valley.

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