

City of Edinburg Sales Tax History Analysis of University Drive

Introduction

The Texas Department of Transportation recently improved State Highway 107 (University Drive) within the City of Edinburg. The improvements included the installation of a raised nontransversable median. The project extended from US-281 Business in the east to Jackson Avenue in the west. Property adjacent to the project is primarily commercial. The economic impact of roadway projects involving the installation of raised nontransversable medians is sometimes a concern for local merchants. The purpose of this analysis is to compare historical sales tax revenues along the project limits to evaluate the economic impact of the University Drive median. It should be noted that the median may not be the only economic factor that contributed to sales in the area.

Data

Two data sets are used in this analysis. Sales tax area reports for calendar years 2002-2005 and January – August 2006 were supplied by the *State of Texas Office of the Comptroller*. One data set represents tax records for businesses along University Drive within the project limits. The other data set represents the City of Edinburg as a whole to quantify the data within the project limits.

Methodology

The analysis for the most part is straight forward however it should be noted that the citywide data was converted from total taxable sales revenues into sales tax revenues to match the sales tax area reports for the businesses along University Drive. This conversion is done by use of the sales tax rate and represents a consistent percentage of the total. The trend line of the data remains constant regardless of the unit of measurement. It should also be noted that August is the last month used in the 2006 data.

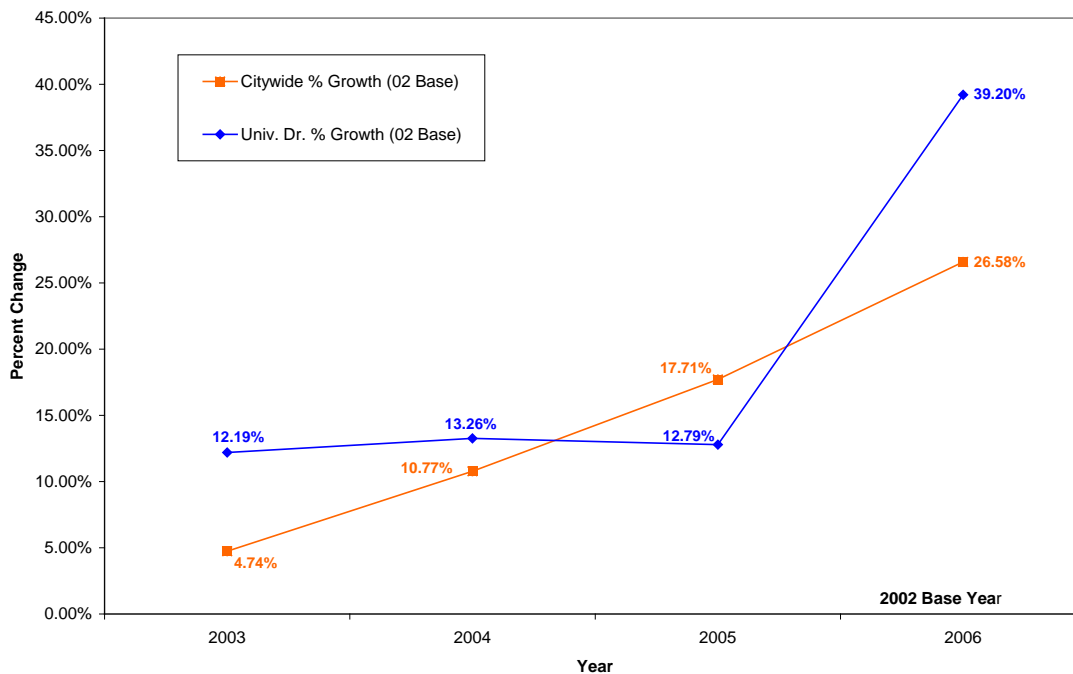
Analysis

The following table is comprised of sales tax revenues as reported by the *State of Texas Office of the Comptroller*.

Year	Citywide	University Drive	Citywide Percent Change from previous Year	University Drive Percent Change from Previous Year
2002	\$19,689,688	\$1,681,748		
2003	\$20,623,160	\$1,886,822	4.74%	12.19%
2004	\$21,866,622	\$1,906,956	6.03%	1.07%
2005	\$23,383,565	\$1,897,957	6.94%	-0.47%
2006	\$25,458,280	\$2,399,239	8.87%	26.41%

It is typical during any roadway construction project for adjacent commerce to experience a decrease in business. University Drive was under construction from November 2004 until July 2005. As the table illustrates no growth occurred along University Drive in 2005, in fact sales decreased by one half of one percent. This slight decrease in sales is consistent with the construction time period. The citywide data within the same time frame shows that the city as a whole did not take an economic down turn, further substantiating that the decrease in the 2005 sales revenues may have been a direct result of the construction. The data also indicates that after the construction was complete and the median was in place, sales along University Drive increased. Again using the citywide data for comparison shows that the entire city did not experience a dramatic economic boom however sales tax revenues along university drive increased 26.41 %. This indicates that commerce along University Drive did increase after the installation of the raised nontransversable median. To better quantify the economics of roadway improvements the following chart illustrates the percent growth of both University Drive and the entire City of Edinburg using 2002 as a base year.

City of Edinburg & University Drive Sales Tax Revenue



Conclusion

The economic impact of the installation of a raised nontransversable median has been studied throughout the nation by various agencies. As the table above shows sales have increased along University Drive within the project limits after the construction of the median. This analysis indicates that sales along University Drive are outpacing the sales growth of the City of Edinburg as a whole. This analysis does not establish the factors contributing to the increase in sales growth along the roadway corridor.