

SCOPE REPORT

Reporting on industry sales through the end of

The TNLA Scope Committee is charged with reporting on the economic scope of the nursery/floral industry in Texas. The challenge that this committee has faced since its inception has been the lack of relevant data pertaining to this important agricultural sector. This is exacerbated by the fact that the market structure of the Green Industry in Texas is very complex and is made up of many participants.

This report was compiled with the assistance of Dr. Charlie Hall, University of Tennessee, and the Texas State Comptroller's Office.

The limited data that were available is graciously provided by the State Comptroller's office. This data, as past readers of this report well know, summarizes nursery/floral sales by Standard Industrial Classification codes, which we often simply refer to as SIC codes. Every business in the state (and nation) is classified by these SIC codes. Firms related to the nursery/

floral industry usually fall within the following SIC code categories:

- 0181** Ornamental Floriculture and Nursery Products
- 0781** Landscape Counseling and Planning
- 0782** Lawn and Garden Services
- 0783** Ornamental Shrub and Tree Services
- 5193** Flowers, Nursery Stock, and Florists Supplies
- 5261** Retail Nurseries, Lawn and Garden Supply Stores

When reporting to the State Comptroller, these firms must report all sales, including those in which sales taxes are collected and those that are not (wholesale sales). This was an area of slippage in early reporting periods. For example, since wholesale growers do not collect any sales tax (on behalf of the state), some small to medium-sized growers are unaware of their reporting responsibilities. The same thing happens within the landscape contractor and maintenance sectors as well. Not all of these firms realize that their services are subject to sales taxes. Thus, inadvertent non-compliance has been a source of under-reporting. Retail firms, on the other hand, are more aware of their reporting responsibility since they collect sales taxes and turn them over to the state. Additional slippage occurs through what could be termed mis-classification errors. That is, some businesses may be reporting under the wrong SIC code classification.

Two Economic Impact Studies (sponsored by TNLA) have provided baseline data that the Scope Committee

TABLE 1

Total Green Industry Sales					
	GROWER	LANDSCAPE	RETAIL	TOTAL	
2003	1,351,787,000	2,283,493,576	5,076,348,553	8,711,629,129	3.63%
2002	1,381,445,000	2,225,990,137	4,788,271,077	8,395,706,214	2.74%
2001	1,245,893,000	2,130,738,803	4,789,412,283	8,166,044,086	0.87%
2000	1,103,232,000	1,981,670,820	5,009,927,692	8,094,830,512	-0.79%
1999	1,122,089,000	1,910,977,582	5,125,988,631	8,159,055,213	15.69%
1998	1,166,183,000	1,500,315,337	4,212,589,145	6,879,087,482	7.60%

2004

fiscal year 2003.

There are 27 metropolitan statistical areas (MSAs) in Texas. The largest metros are: Austin-San Marcos MSA, Dallas primary MSA (PMSA), El Paso MSA, Fort Worth-Arlington PMSA, Houston PMSA, and San Antonio MSA.

These six MSAs account for about 62.33 percent of the state's population. According to The Perryman Long-Term Economic Forecast 2002-2030, these six major metros are projected to have 66.41 percent of the state's population by 2030, provide 70.71 percent of the jobs, and 79.95 percent of real gross product or output for Texas.

The Scope Report tracks nursery/landscape activity in five of the six major MSAs.

uses to supplement its report methodology. The first economic impact study was conducted in 1994-95 and obtained nursery, turfgrass, and landscape-related data for the 1993 calendar year. The study used a survey of wholesale nursery/floral growers, retail garden centers, landscape contractors, and lawn maintenance firms to ascertain their business-related expenditures (costs of doing business), management practices, employment characteristics, volume of business, and expected changes in such items as sales, profitability, and professional services. The second study was conducted in 2000 and included similar types of data. Data from these studies, when used as a supplement to the Comptroller's data, provides a more accurate measure of the economic contribution of these Green Industry firms.

TABLE 2

Grower Sales		
2003	1,351,787,000	-2.15%
2002	1,381,445,000	10.88%
2001	1,245,893,000	12.93%
2000	1,103,232,000	-1.68%
1999	1,122,089,000	-3.78%
1998	1,166,183,000	10.83%
1997	1,052,226,000	20.45%
1996	873,551,000	7.45%
1994	813,000,000	11.22%
1994	731,000,000	

* These numbers are taken from the USDA Floriculture & Nursery Crops Report June 2004

Table 1 presents a summary of Green Industry sales for the last five years from 1998 to 2003. Overall sales made a great leap in 1999, and have declined slightly or been nearly flat since. Between 2002 and 2003, slight recovery was seen with an increase of 3.76 percent.

Table 2 shows Grower Sales. In June of 2004, the United States Department of Agriculture (USDA) released results of the Floriculture and Nursery Crop Survey conducted to gather data for the 2003 sales year. Rather than estimating from the Texas Comptroller's Office figures, TNLA is using the USDA number for grower sales this year. Table 2 shows grower sales decreased 2.15 percent following two years of significant increase.

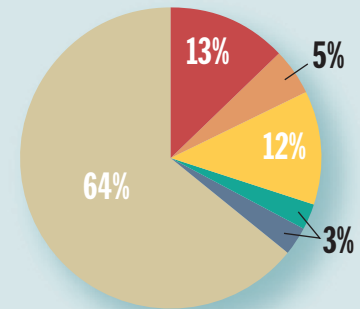
Post farmgate Green Industry sales are divided into two main categories: (1) the landscape-related services sector, and (2) the retail sector. Landscape sales include those of landscape contractors, designers, and maintenance firms. A summary of post farm-gate Green Industry sales of products and services is presented in Table 3.

Since no data were collected for landscape architect services and tree care services as part of the Economic Impact Study, the SIC code sales information for these sectors is added to the sectors mentioned above to give a total economic contribution of the state industry.

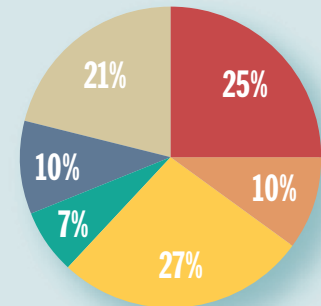
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Post Farmgate Sales by Metropolitan Statistical Area

RETAIL



LANDSCAPE



TOTAL GREEN INDUSTRY

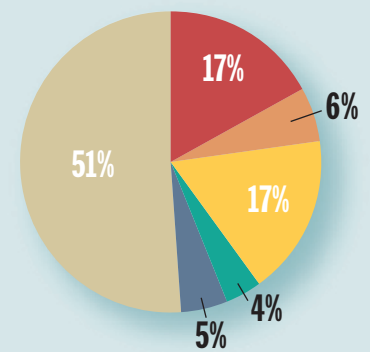


TABLE 3

	LANDSCAPE	% CHANGE	RETAIL	% CHANGE
2003	2,283,493,576	2.6%	5,076,348,553	6.0%
2002	2,225,990,137	4.5%	4,788,271,077	-0.0%
2001	2,130,738,803	7.5%	4,789,412,283	-4.4%
2000	1,981,670,820	3.7%	5,009,927,692	-2.3%
1999	1,910,977,582	27.4%	5,125,988,631	21.7%
1998	1,500,315,337		4,212,589,145	

(continued from page 19)

Table 4 presents a breakdown of Green Industry sales by sector and by major MSA (metropolitan statistical area). This data is also illustrated graphically in Figures 1 through 4. MSAs included are Austin, Dallas, Fort Worth, Houston, and San Antonio. The combined sales from these metropolitan areas represent approximately 50 percent of the statewide total. Dallas and Houston areas continue to dominate with 33.46 percent of the total state market. Adding Fort Worth figures to Dallas figures shows nearly 23 percent of the state market in the D/FW Metroplex.

SUMMARY

Total Green Industry sales in Texas are estimated to exceed \$8.7 billion, an increase of 3.63 percent from 2002 figures.

Dallas and Houston continue to lead all other regions in terms of Green Industry sales, but the other MSA regions (Fort Worth, Austin, and San Antonio) continue to experience stable levels of sales.

The number of outlets in each industry category continued a gradual but consistent trend. The number of grower outlets decreased by 10.5 percent, retail outlets by 6.9 percent, and landscape firms for the first time in several years experienced a decrease, down by 2.7 percent.

The Scope Report began its surveys in 1984. Changes in number of reporting outlets since that time show grower outlets at 700 in 1984 and at 570 in 2003; retail outlets in 1984 numbered 5641 and in 2003, 2879. Landscape firms reporting taxes cannot be tracked as effectively because their services were not taxable in those years. In 1995 there were 12,935 and in 2003, 14,075 reporting landscape sector firms. *

Note: Additional data from the Scope Report is available to TNLA members on the TNLA web site at www.txnla.org.

REFERENCES

Curtis F. Lard and Charles R. Hall, Results of the Wholesale Grower and Retail Garden Center Surveys.

Curtis F. Lard and Charles R. Hall, Texas Turfgrass Economic Impact Study, Texas Agricultural Experiment Station, Horticultural Economics Research Report #96-6, June 1996.

Results of the Landscape Contractors Survey Texas Turfgrass Economic Impact Study, Texas Agricultural Experiment Station, Horticultural Economics Research Report, April 1996.

Data from the Office of the Comptroller of Public Accounts. This agency administers and enforces revenue-producing tax laws; collects, processes, and deposits state revenue collections in the State Treasury; monitors and approves expenditures of appropriated state funds; provides accounting services to state agencies; and estimates state revenue for the purpose of certifying legislative appropriations.

TABLE 4

	RETAIL	LANDSCAPE	TOTAL	% OF TOTAL
Dallas MSA	614,717,038	566,586,362	1,181,303,400	16.37%
Ft. Worth MSA	225,943,394	223,145,835	449,089,229	6.22%
Houston MSA	593,960,444	632,053,956	1,226,014,400	16.99%
San Antonio MSA	161,232,241	158,572,540	319,804,781	4.43%
Austin MSA	166,162,384	229,203,059	395,365,443	5.48%
Total MSA	1,762,015,501	1,809,561,752	3,571,577,253	49.49%
Other Regions	3,171,560,749	473,931,824	3,645,492,573	50.51%
Statewide Total	4,933,576,250	2,283,493,576	7,217,069,826	100.00%