

Public Hearing on Budget, Budget Adoption, Adoption of 2019 Property Tax Rate DeWitt County, Texas

Local Government Code

Section 111.002. COUNTY JUDGE AS BUDGET OFFICER.

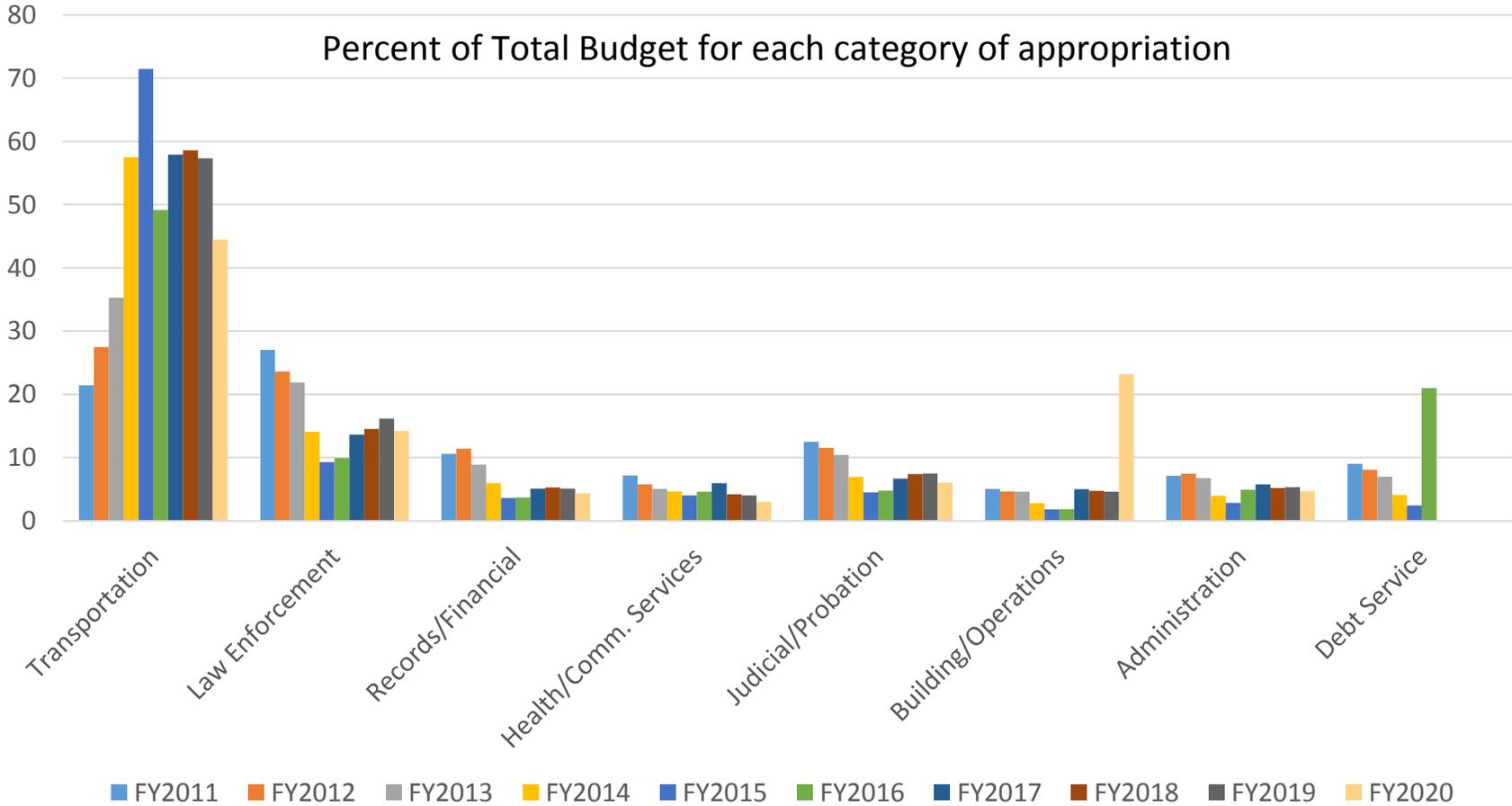
“The county judge serves as the budget officer for the commissioners court of the county.”

FY2020 Budget Policy

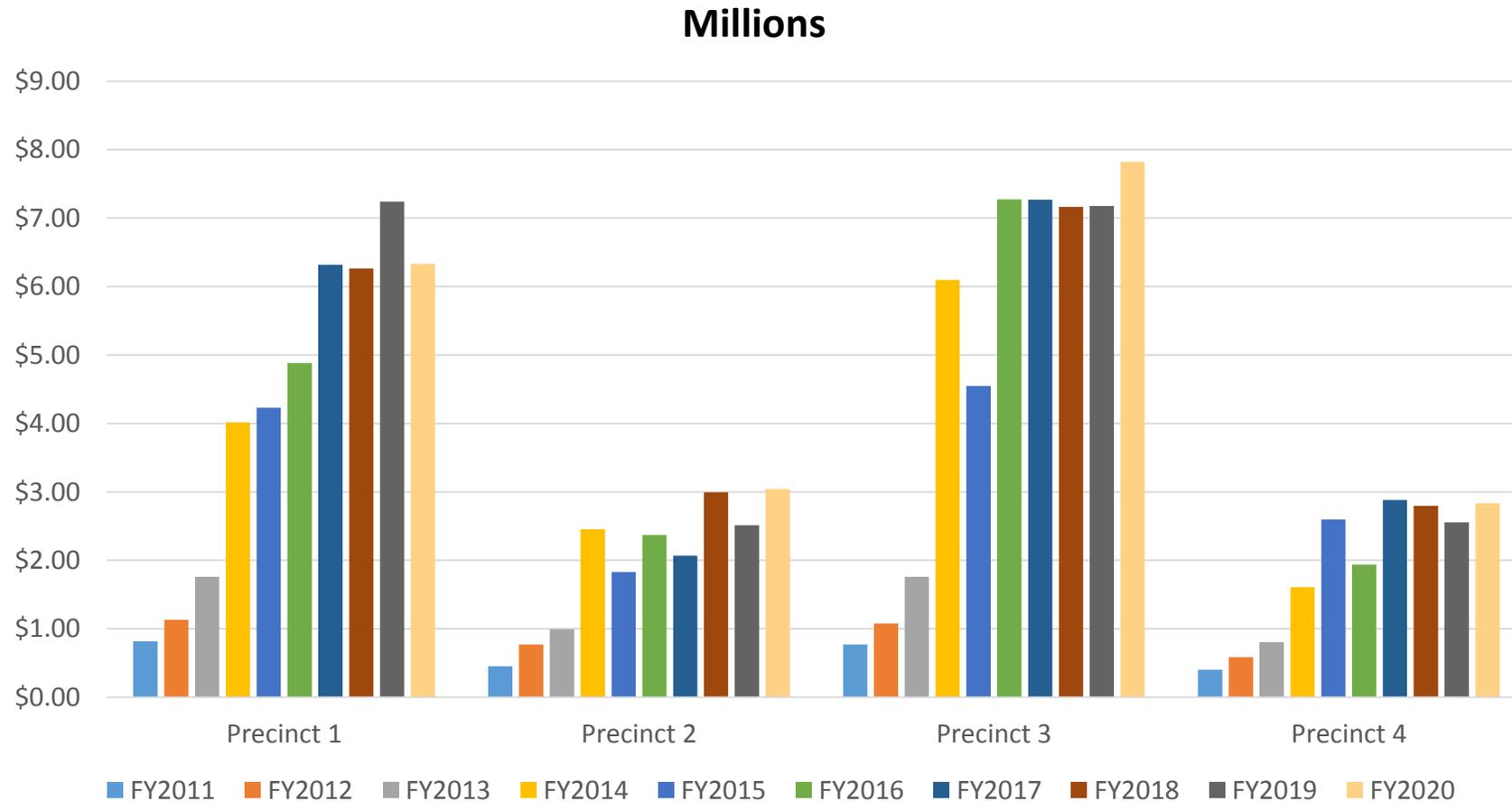
Hearing held on September 23, 2019 at 9:00 A.M. in the county courtroom

- 3 percent COLA for county employees
- Construction of \$3 million emergency communication system tower project commences
- Construction of new County Annex building commences
- Road reconstruction efforts continue in all four precincts
- Maintain unusually large fund balances in order to maintain reinvestment into the county road system without interruption
- Avoid the issuance of debt financed by volatile mineral values

Drilling activity continues to impact the Road and Bridge budget



Eagle Ford Shale era R&B budgets for each precinct



State vs. Local funding for Road & Bridge repairs

Eagle Ford Shale Era (incomplete data)

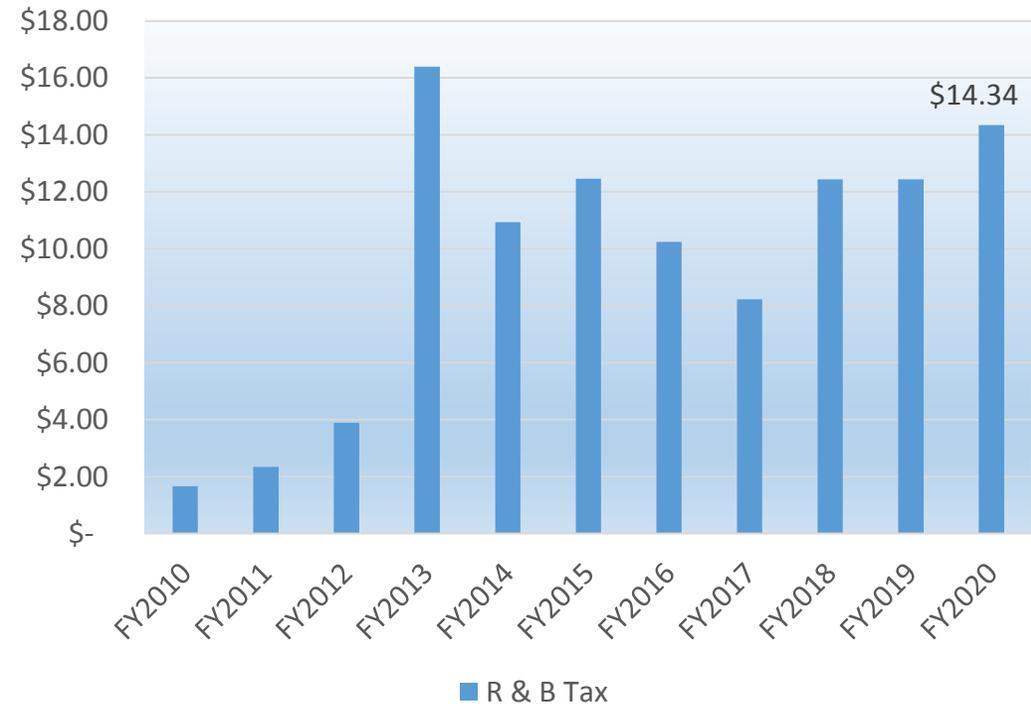
State Funds received = \$10,028,249

Local Property Tax budgeted = more than \$105 million

2014 CTIF Grant \$4,957,914



Combined Road and Bridge Taxes (millions)



FY2020 Tax Policy

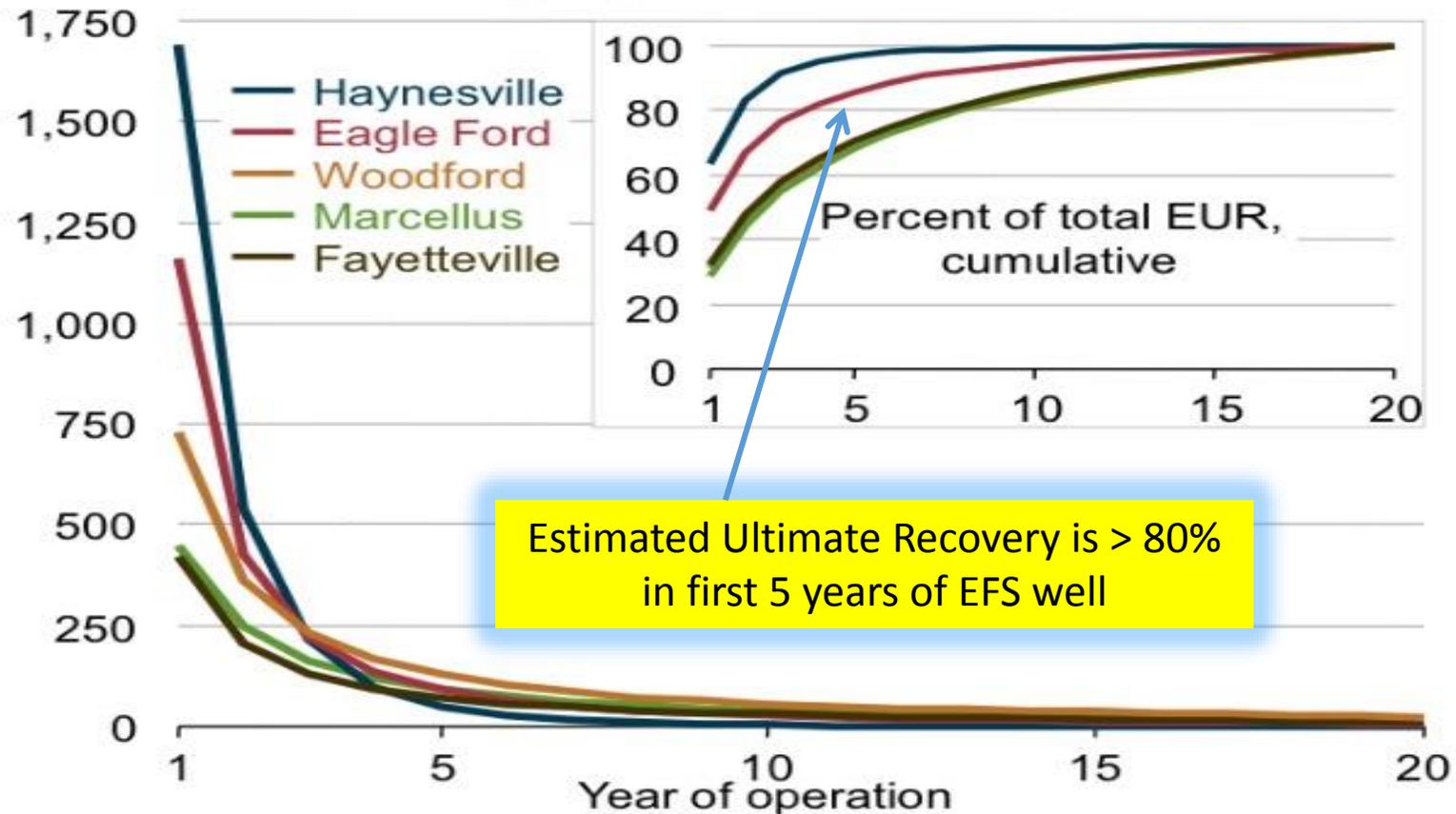
Hearings held on September 9 and September 16, 2019 at 9:00 A.M. in the County Courtroom

- Recognize that current statutory tax formulas in Chapter 26.04 of the Tax Code provide for a de facto abatement of property taxes on mineral values
- Avoid unwarranted de facto abatement of property taxes
- Recognize that Mineral Values are volatile and have the potential to disrupt county, business, and family budgets
- Adopt tax rates that accurately address the needs of the county and provide cash flow for capital improvement projects
- Adopt tax rates that do not disrupt private-sector business or family budgets
- Maintain the county tax rate at .46937 for the 7th consecutive year
- Work with the Legislature for a less disruptive, permanent funding solution for roads damaged by oil and gas operations

The Basis of Tax Policy:

Mineral values are predictable – they decline rapidly

Figure 54. Average production profiles for shale gas wells in major U.S. shale plays by years of operation (million cubic feet per year)

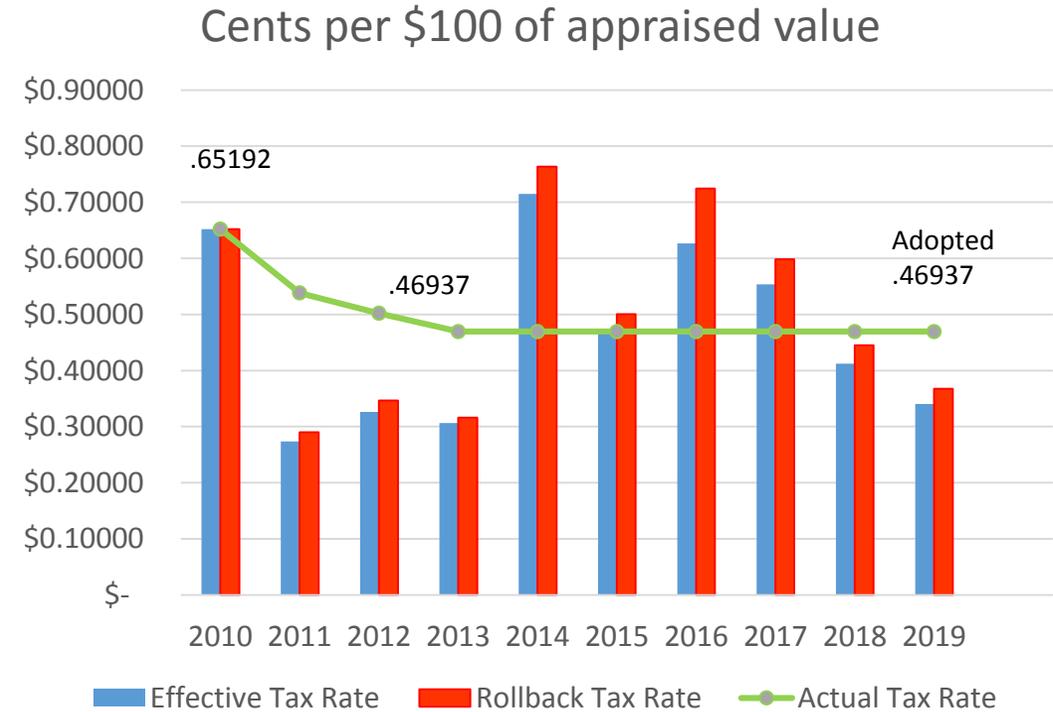


Volatile mineral values lead to volatile tax rates

Tax revenue from mineral values is inconsistent

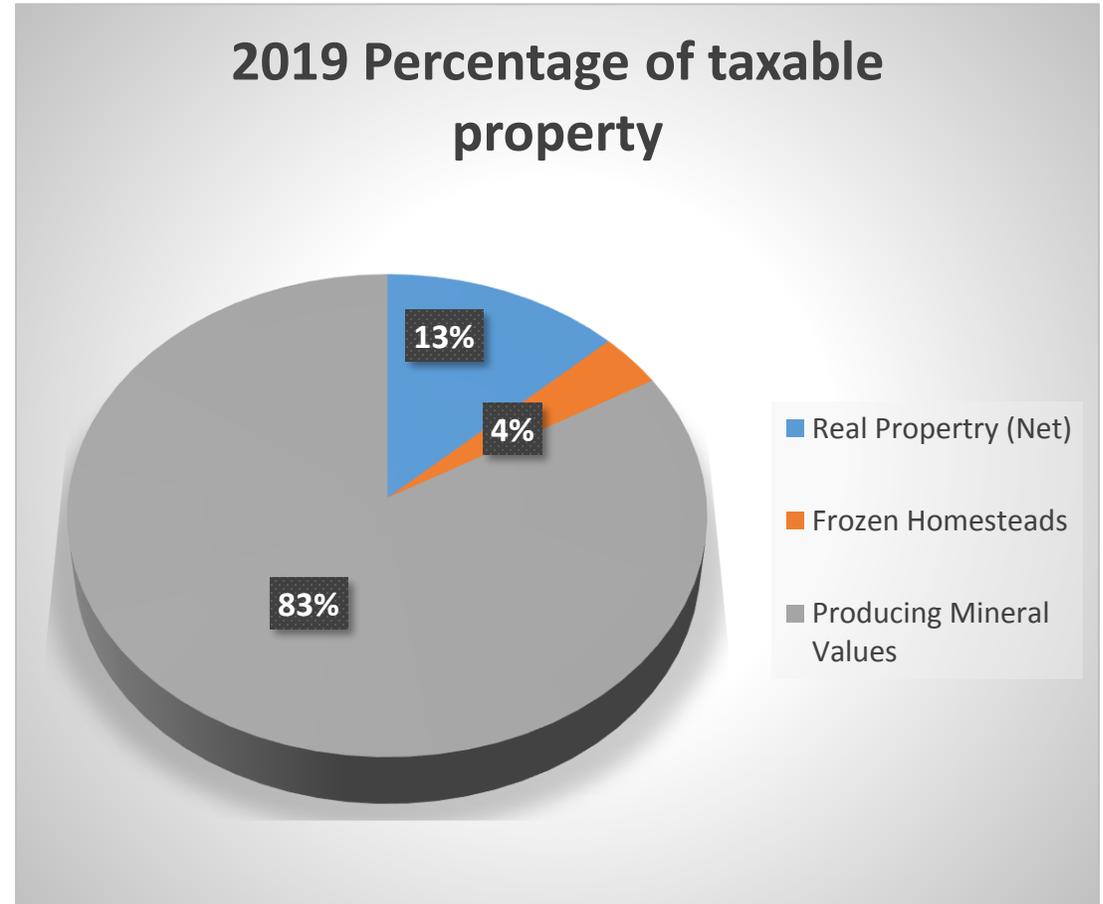


Volatile tax rates can disrupt personal and business budgets



2019 Tax levy per one cent of tax rate = \$619,387

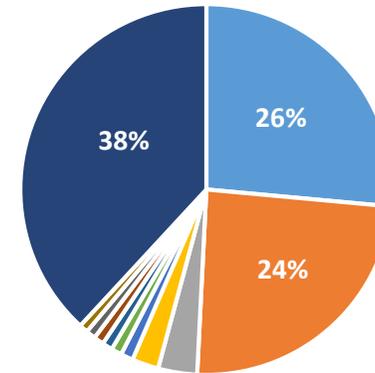
- \$ 24,775 on classes of property owned by persons with frozen taxes (4%); capped at \$884,362
- \$ 80,520 is levied upon commercial and residential real property improvements (13%)
- \$ 514,091 is levied upon producing oil and gas reservoirs (83%)



2019 Top 10 Mineral Property Owners

Mineral Owner	Value
Burlington/ConocoPhillips	\$ 1,412,223,280
Devon Energy Production Co. LP	\$ 1,298,035,000
Pioneer Nat Res USA, Inc.	\$ 180,876,170
EOG Resources, Inc.	\$ 123,733,000
Equinor Texas Onshore Prop LLC	\$ 57,464,550
Kinder Morgan Crude LLC	\$ 48,941,420
EFS Midstream LLC	\$ 47,829,420
Circle 8 Crane Services	\$ 46,565,060
Enterprise Texas Pipeline PP	\$ 44,752,190
PetroHawk Energy Corp.	\$ 40,400,000

Total Mineral Values = \$ 5,335,919,020



- Burlington/ConocoPhillips
- Devon Energy
- Pioneer NR USA
- EOG Resources
- Equinor Texas
- Kinder Morgan
- EFS Midstream
- Circle 8
- Enterprise TX Pipeline
- PetroHawk Energy
- All Other WI &RI

Growing trend to monitor:

More individuals and groups qualify for a Homestead Tax Freeze

\$123,306,000 to \$227,573,453 in eight years

