

# De Witt County Budget Fiscal Year 2026

Prepared by:

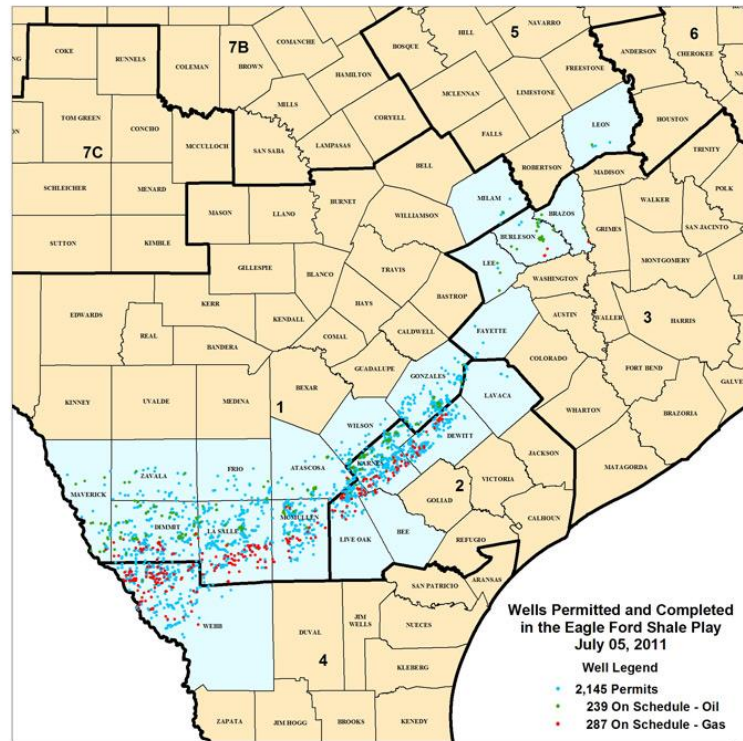
Daryl L. Fowler, County Judge and Chief Budget Officer

Neomi Williams, County Auditor

# Eagle Ford Shale: The Game Changer

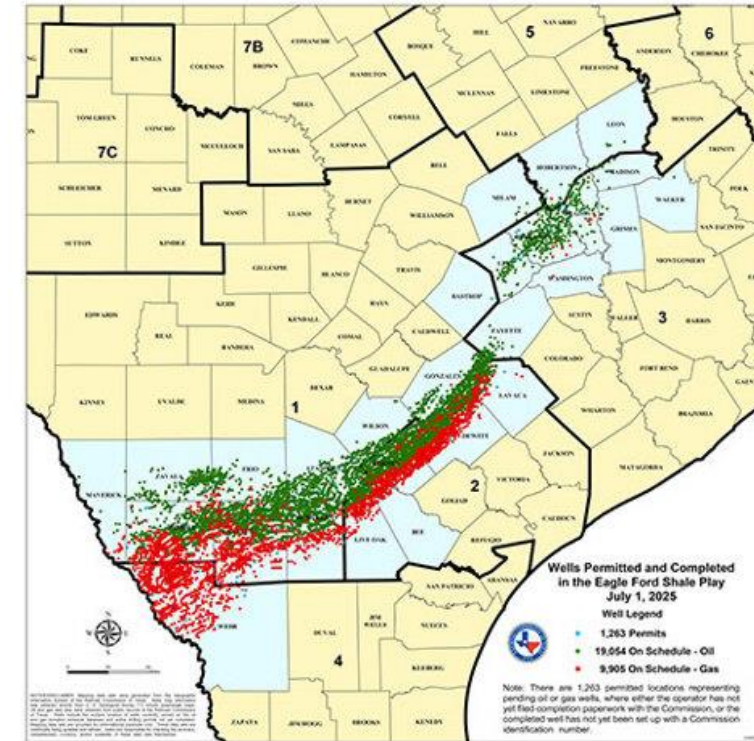
In the beginning...

Net Taxable Property Value = \$946,447,889



Fourteen years later...

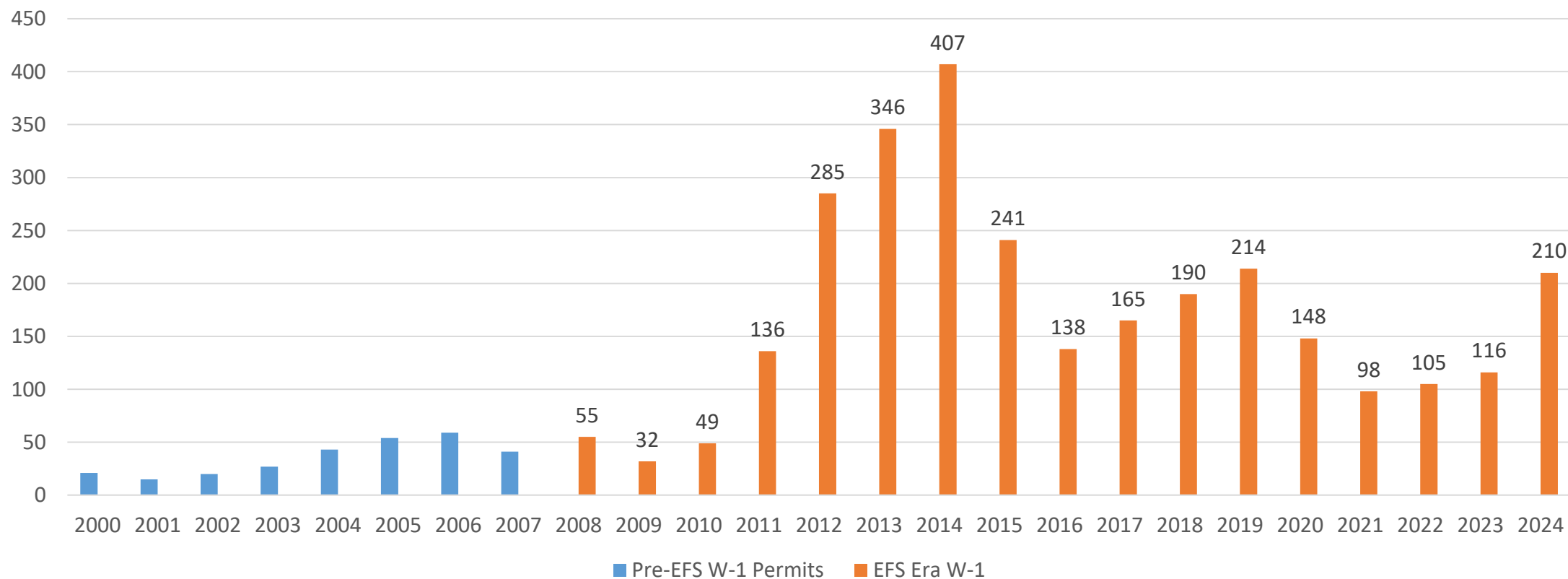
Net Taxable Property Value = \$9,895,868,234



# Oil & Gas W-1 Drilling Permit Applications

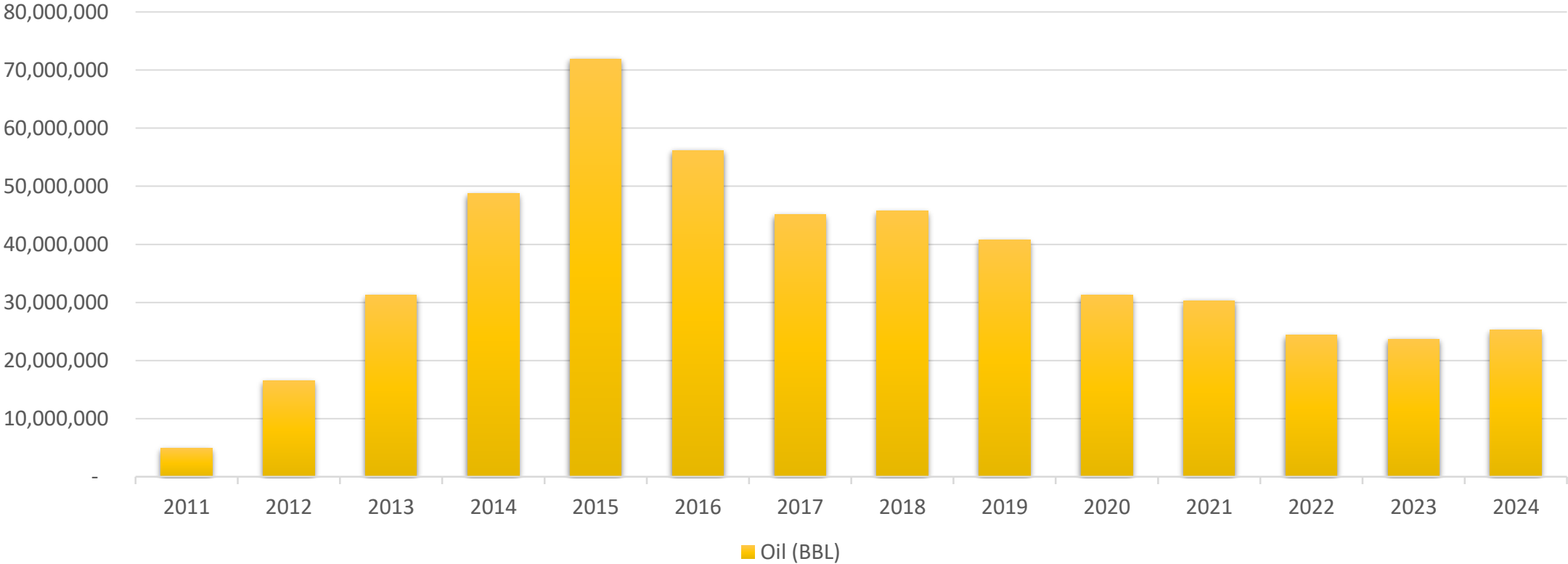
\*2,935 permits issued by the Texas Railroad Commission  
in the Eagle Ford Shale Era (January 2008 - December 2024)

House Bill 3159 (89-R) is a financial incentive bill written for the oil and gas industry. Effective January 1, 2026 the law will provide \$750,000 of Severance Tax relief to offset the costs of reviving "Legacy" wells (those over 60 months old). There are



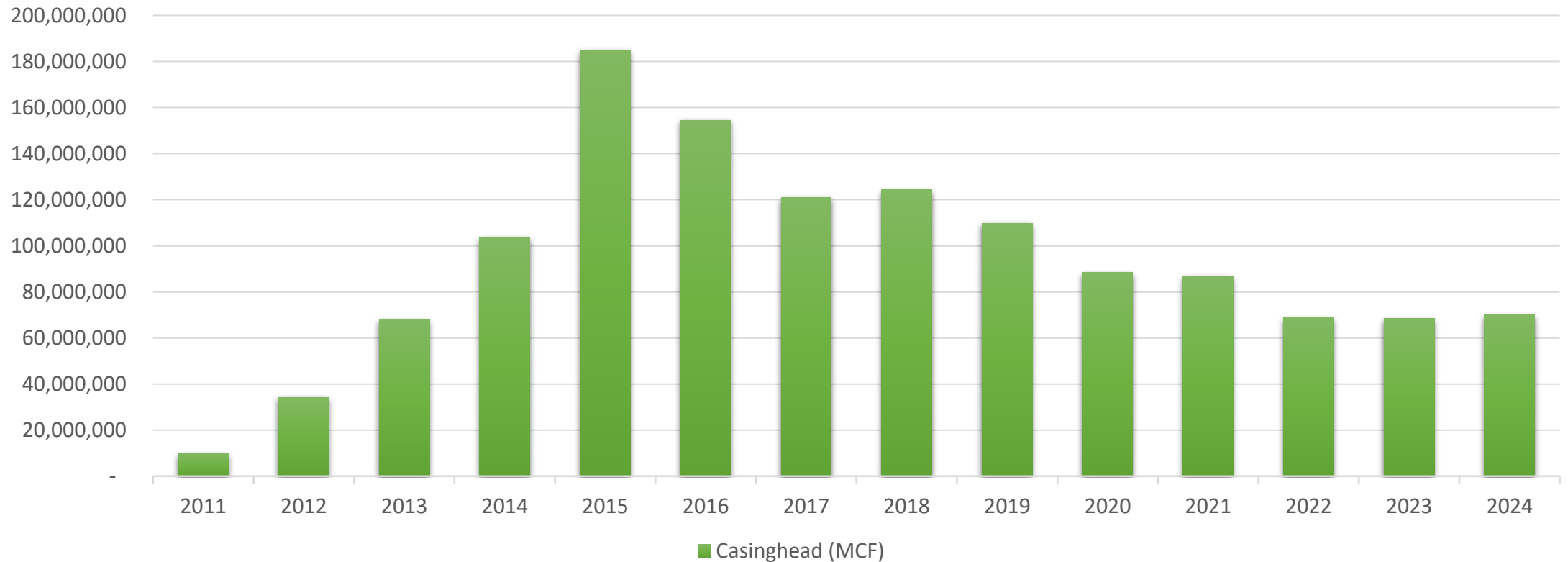
# Eagle Ford Shale – De Witt Annual Production Volume

Data from RRC Production Query System



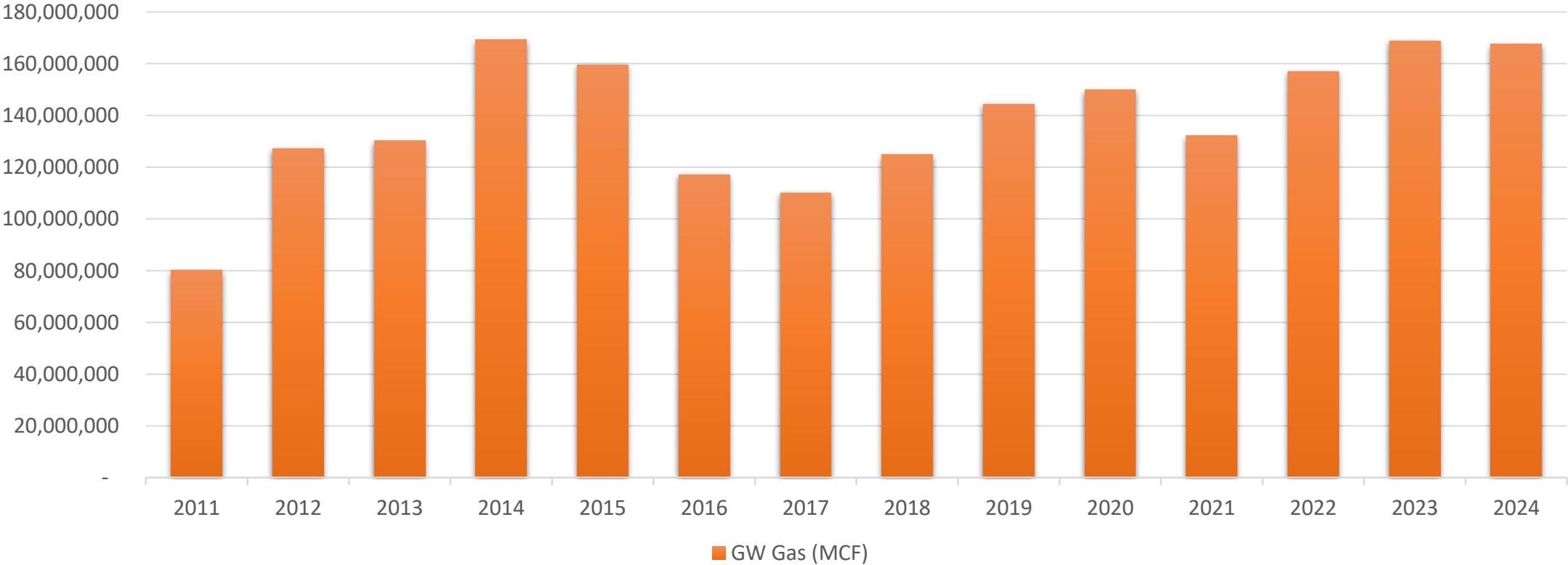
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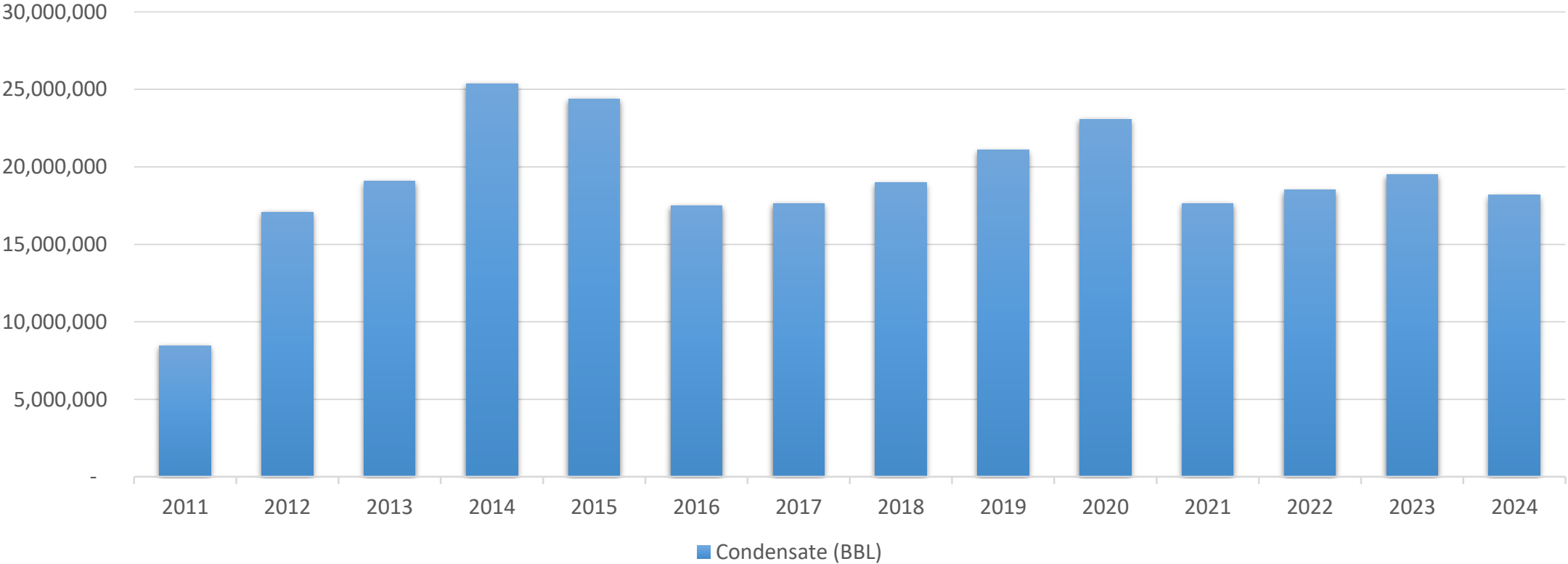
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# FY2026 Budget Policies

- Adopt a deficit budget that provides constitutionally-mandated and statutory constituent services at current levels, maintain county facilities, and covers the cost increases due to inflation of fuel, equipment, wages, unanticipated infrastructure needs, and other operating costs.
- Continue to appropriate taxpayer funds for road construction and repairs, and equipment needs in all four precincts. Construction projects will be funded through a mix of oil and gas royalties received from HB2521, the property tax levy, and fees collected with automobile registration.
- Continue working with grant administrators to utilize the \$1,337,000 Texas General Land Office MIT- MOD Grant for two flood mitigation projects in the county.
- Continue to utilize Senate Bill 22 grant funding in support of staffing needs, salary supplements, and equipment purchases in the sheriff's office and prosecutor's office.
- Obtain services of an architect for construction planning of a Western Division Annex to house the Precinct Two Justice of the Peace, an additional Emergency Operation Center, and Law Enforcement office space.
- Continue work on the preservation of the Bates-Sheppard Home (site of the DeWitt County Historical Museum).
- Continue financial support for economic development and 4-H Youth countywide by offsetting some of the operating costs of the Anne Friar-Thomas Homemaking Building.
- Increased emergency preparedness and response by higher funding for volunteer fire departments
- Efficiently staff county offices with cross-trained personnel to reflect growing needs related to providing high levels of constituent service.
- Fund a five (5) percent COLA to the wage scale adopted by Commissioners Court in 2023 and toward salaries of elected official's; promote increased longevity of valuable employees and well-trained staff by rewarding educational efforts and certifications in certain disciplines.
- Maintain healthy fund balances in order to sustain the existing level of constituent services and ongoing capital improvement plans in the road and bridge departments in preparation for the eventual decline of Eagle Ford Shale tax revenue; and in preparation of revenue cap legislation pending before the Texas Legislature.
- Avoid issuing debt financed by the unpredictable mineral component of the tax base.. Maintain a "Pay-Go" budget policy.
- Continue to support the legislative and government affairs operations of the County Judges and Commissioners Association of Texas, the Texas Association of Counties, and energy sector counties in the Eagle Ford Shale



# County Road conditions in the Eagle Ford Shale Era

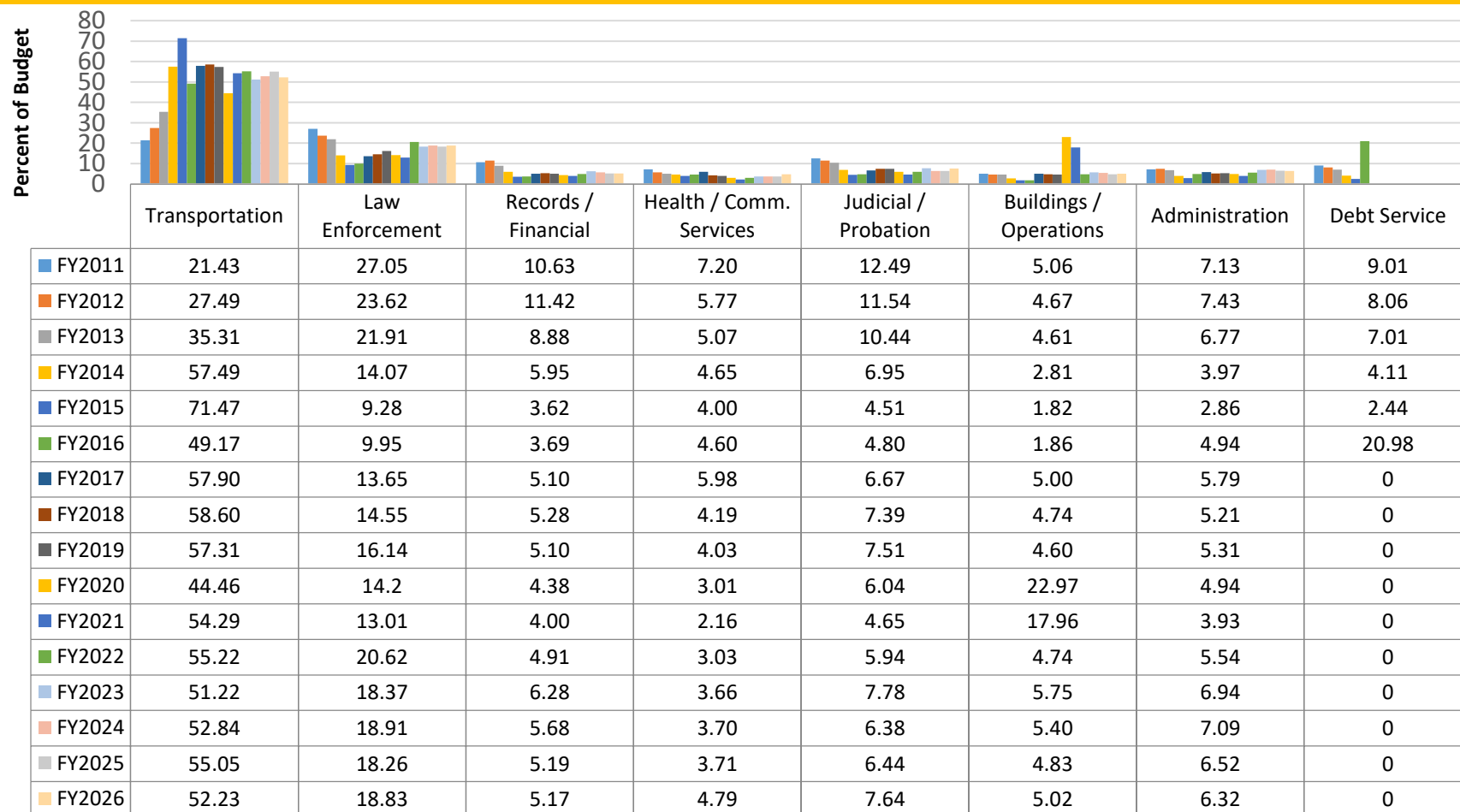
**2011**

**2025**



# Appropriation by General Category of Expenditure

## \$ 45,216,905 budgeted for FY2026



# Commissioner Precinct Road and Bridge

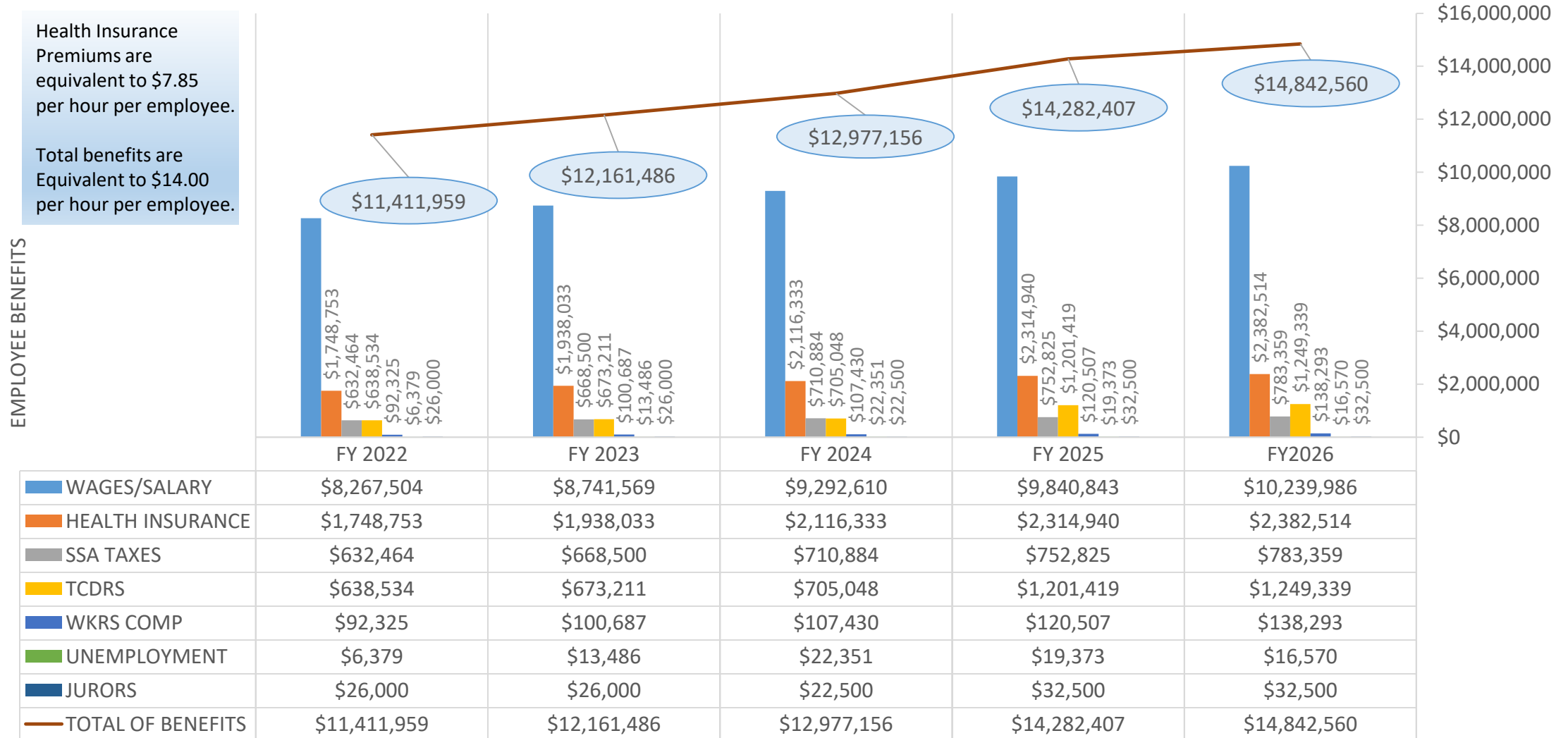
> \$256 million appropriated during the Eagle Ford Shale Era

Expressed in Millions



# Payroll Expenses for 158 FT employees budgeted for FY 2026

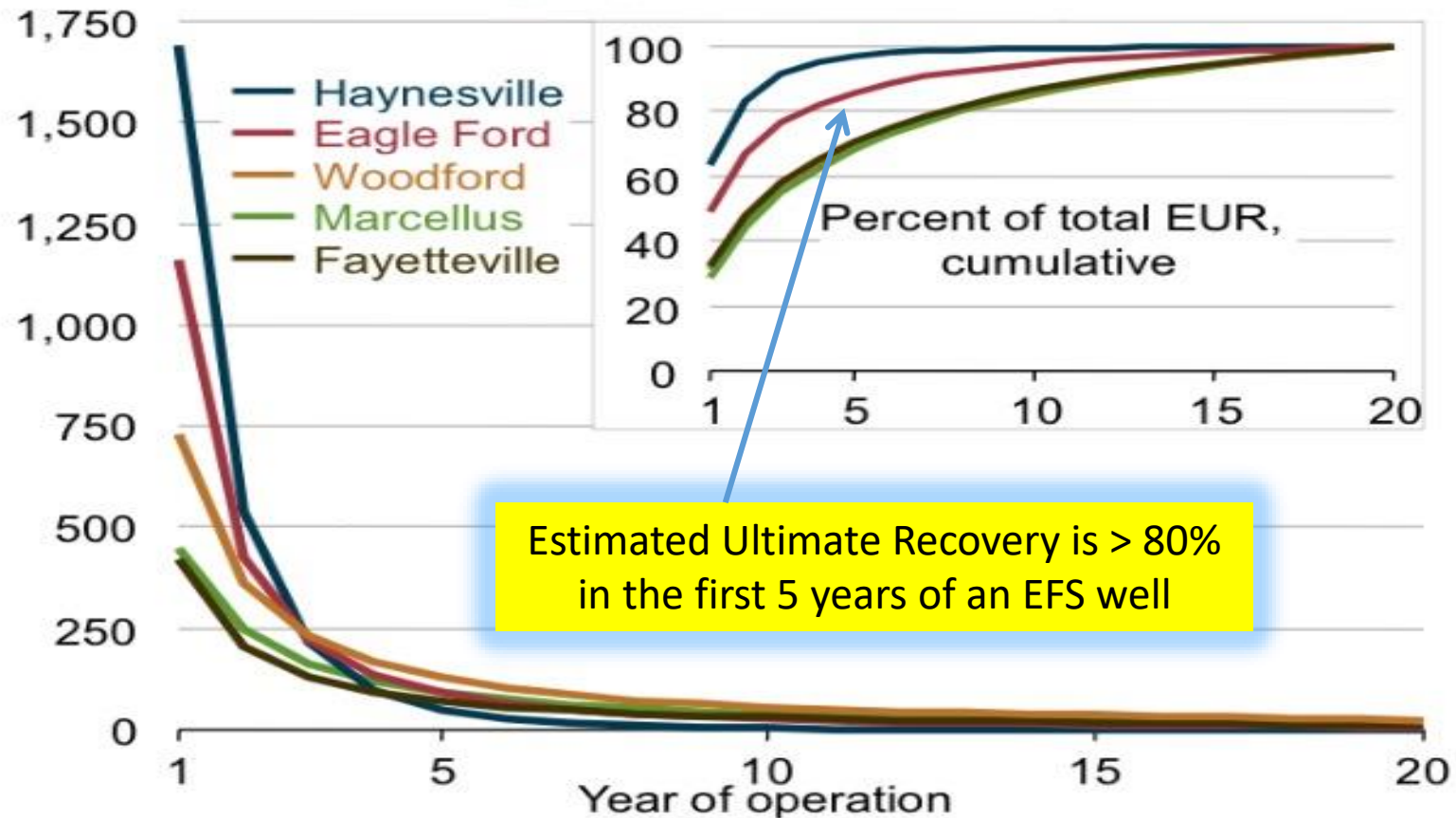
Senate Bill 22 grant funds provide \$461,915 of compensation to augment salaries of law enforcement and criminal court employees. Overall, employment costs have increased at 5.14 percent annually since FY2011.



# The Basis of De Witt County Tax Policy:

Mineral values are volatile, decline rapidly, and are eventually depleted

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



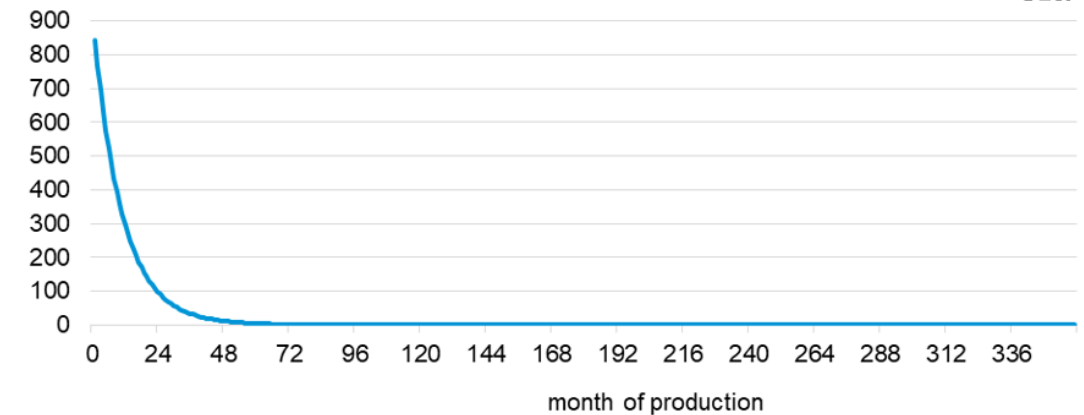


# U.S. Shale Play Production Decline Curve

$$\text{monthly production} = \frac{\text{initial production rate}}{[1 + (\text{parameter} \times \text{initial decline rate} \times \text{month of production})]^{\text{inverse parameter}}}$$

- Production Decline Curve Analysis in the Annual Energy Outlook 2023
- Release date: March 16, 2023 by U.S. Energy Information Administration (EIA)
- A key assumption in evaluating the expected profitability of drilling a well is the estimated ultimate recovery (EUR) of the well. EIA uses an automated routine to analyze the production decline curve of shale and tight oil and natural gas wells. The hyperbolic decline curve gives a general estimate of production for a specific month.
- The initial production rate, parameter, and initial decline rate are estimated from observed well-level production data. The first observed month of production is excluded from the decline curve estimation because the timing of the start of production in the first calendar month is unknown and could incorporate anywhere from 1 to 31 days of actual production. Production in all other months is normalized to 30.4 days. The decline curve converts from a hyperbolic decline to an exponential decline when the monthly decline rate falls to 0.8% (10% annual decline). An example of a production profile using a hyperbolic decline curve is shown in Figure 1.

**Figure 1. Monthly production profile, hyperbolic decline curve**  
barrels per day

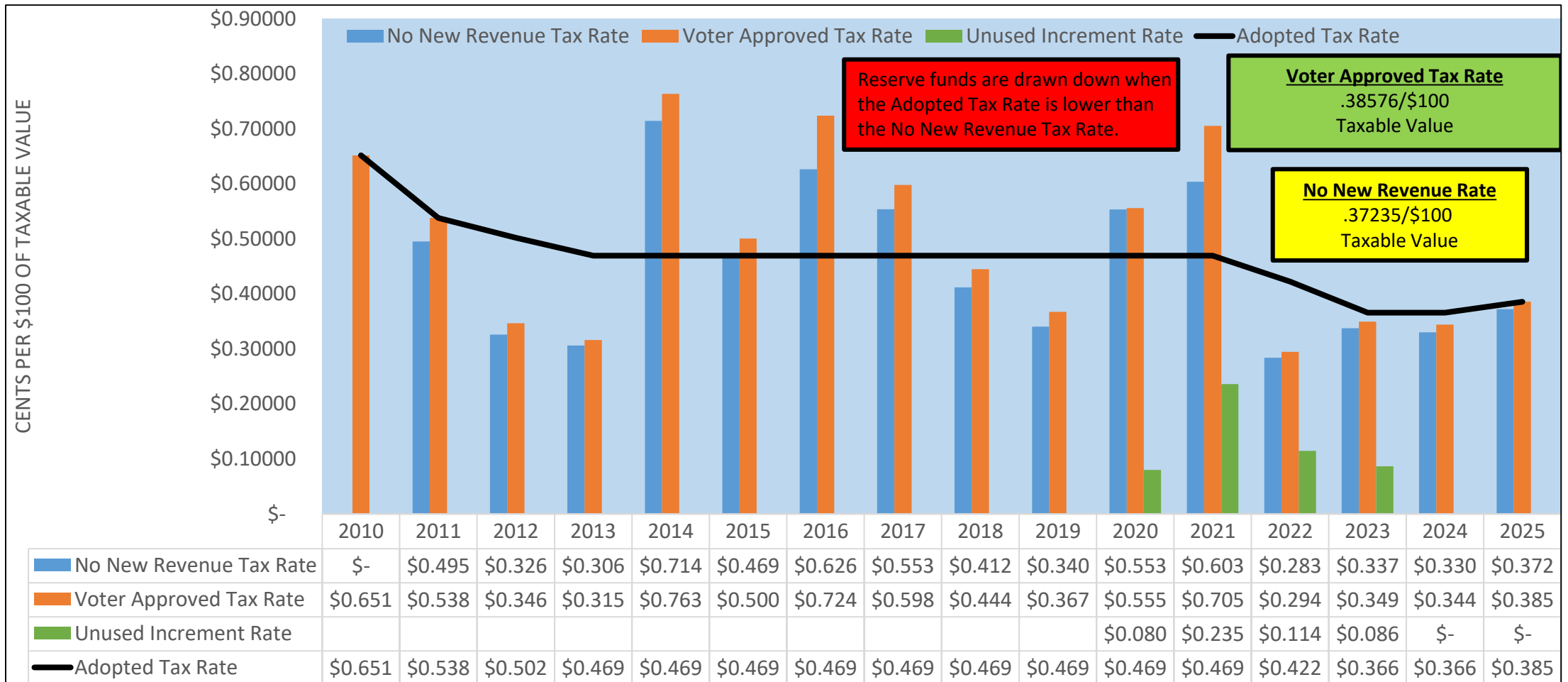


# FY2025 Tax Policy

- The adopted rate will raise revenue by the maximum amount allowed by state law without a referendum election. The Tax Code calls this tax rate the “Voter Approved Tax Rate”. See Tax Code Chapter 26.04.
- This is the first tax rate increase in 20 years and believed necessary for to continue public services because the Texas Legislature continues to threaten counties with lower revenue caps that would provide tax abatement to the oil and gas industry, and potentially impair the county’s financial ability to keep up the demand for services and road repairs caused by Eagle Ford Shale drilling and fracing activity in the future.
- The No New Revenue Tax Rate calculation was considered inadequate to continue public services at the same pace as in previous years. Indeed, drilling activity is expected to increase due to a severance tax relief incentive given to oil companies by the Texas Legislature through House Bill 3159 (89-R) beginning January 1, 2026.
- The adopted tax rate accurately addresses the needs of the county, which include: 1) providing necessary constituent services and fulfilling legislative mandates, payroll expenses, capital outlays, and equipment purchases; 2) rebuilding fund balances for future infrastructure needs; and 3) avoiding abatement to the oil and gas industry while drilling activity consumes county road infrastructure.
- **Note about property appraisals:** The De Witt County Central Appraisal District is a subdivision of the State of Texas and governed by the Tax Code under the jurisdiction of the Property Tax Division of the Comptroller of Public Accounts.
- **Note about tax assessment:** The tax rates adopted by other jurisdictions are a function of the budgeting process of the governing bodies of those jurisdictions.
- **Note about tax collection:** De Witt County collects the tax levy for other jurisdictions within the county and distributes the revenue back to those jurisdictions according to agreements to provide this service for a small fee.
- **Note about tax collection:** Yoakum ISD taxes are collected by De Witt County and are remitted back to the school system for its budgeted purposes.

# Historical Tax Rate Calculations and Adopted Rates

Adoption of the Voter Approved Tax Rate (.38576) is the first rate increase since 2007, but remains 26.616 cents (41 percent) below the rate approved in 2010



The Voter Approved Tax Rate produces additional revenue capped at 3.5 percent more than the 2024 Adopted Tax Rate

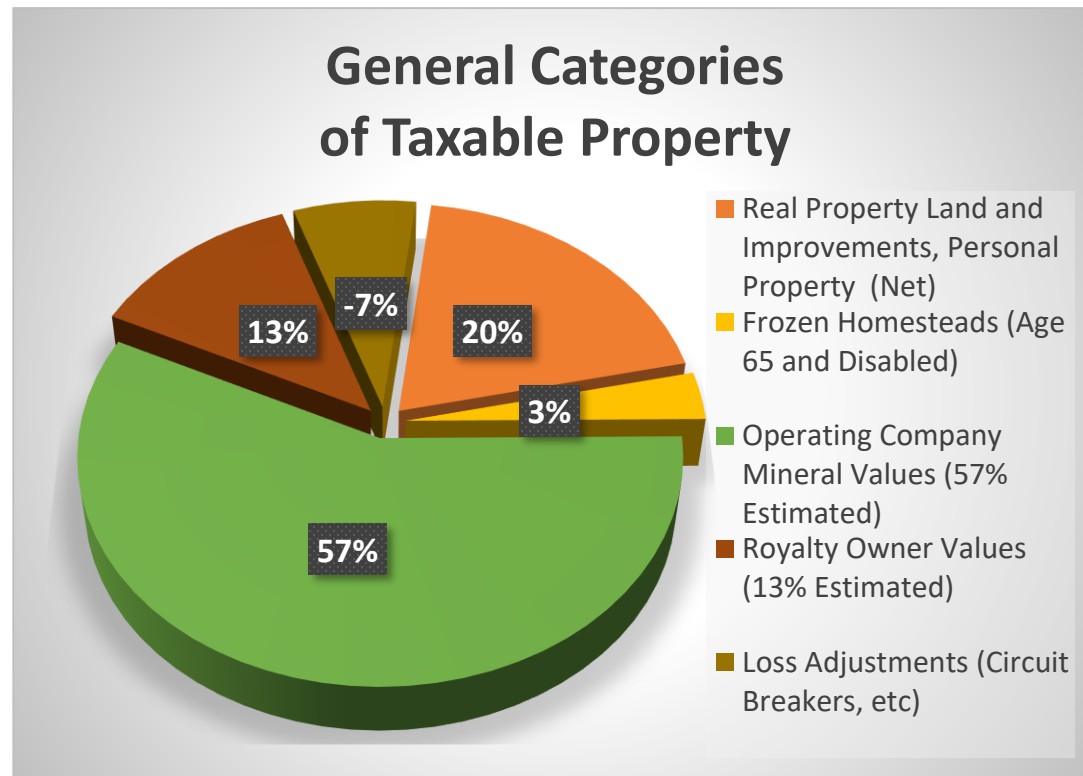


# 2025 Certified Appraised Values

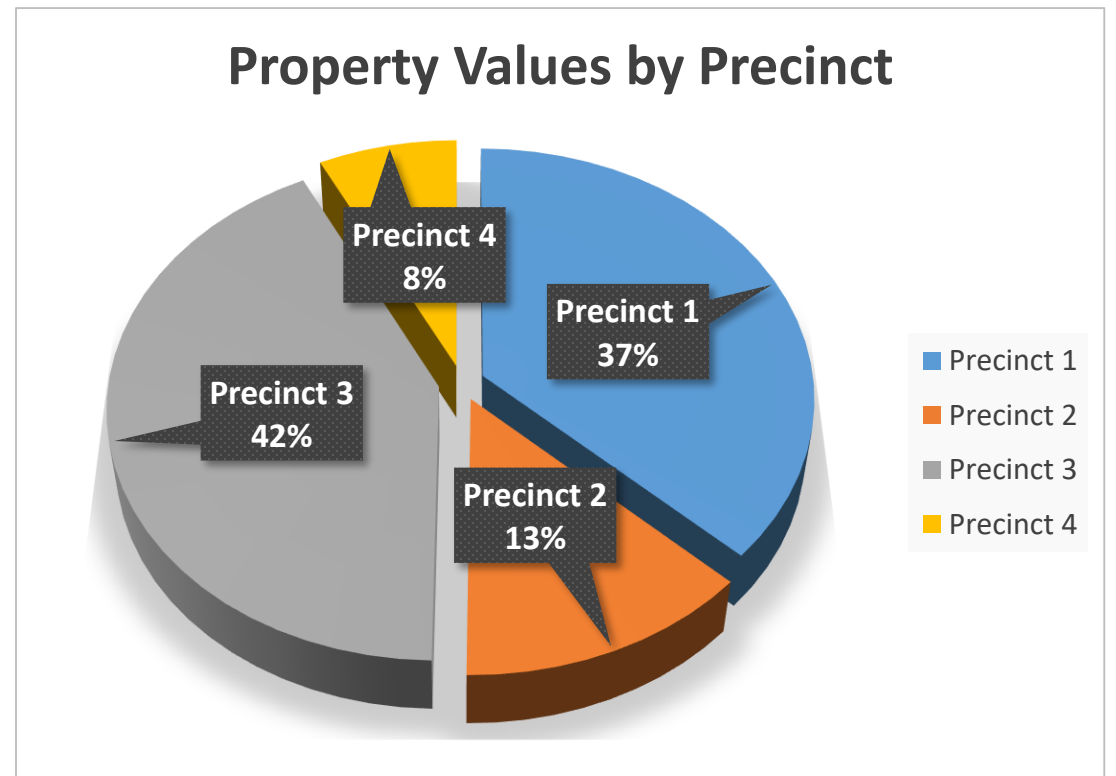
decreased by \$92,137,784 from 2024 values

The No New Revenue Tax Rate is \$ 0.00634 higher than the 2024 Tax Rate due to the decreased values.

**\$ 9,895,868,234 Net Taxable Value**



**\$ 9,882,778,934 Net Taxable Value**

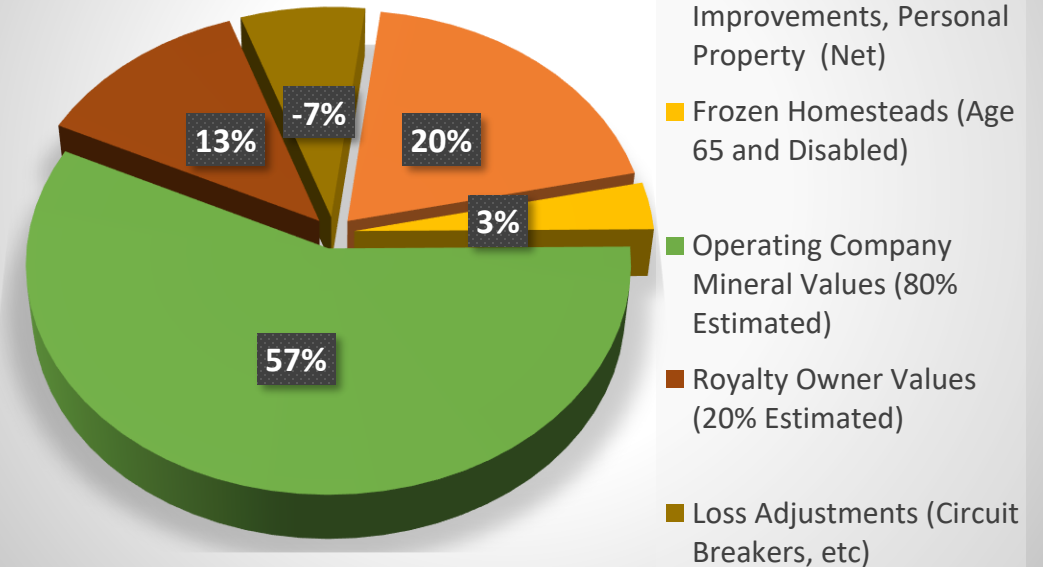


# 2025 Tax Levy by Category of Taxpayer

(each penny of tax rate produces \$ 948,160 of tax freeze adjusted revenue)

- \$ 540,451 is levied upon Operating Company Mineral Values, Real Property, and Industrial Improvements (57%)
- \$ 123,261 is levied upon Royalty Owner Mineral Values (13%)
- \$ 189,632 is levied upon agricultural, commercial, residential Real Property and Improvements, and Personal Property (20%)
- \$ 66,371 is foregone levy due to Circuit Breaker Law limitations (-7%)
- \$ 950,108 is the tax ceiling levied upon \$415,989,763 of property owned by persons with Frozen Homestead exemptions (3% of tax base). This translates to an equivalent tax rate of .22745 per \$100 of appraised value.

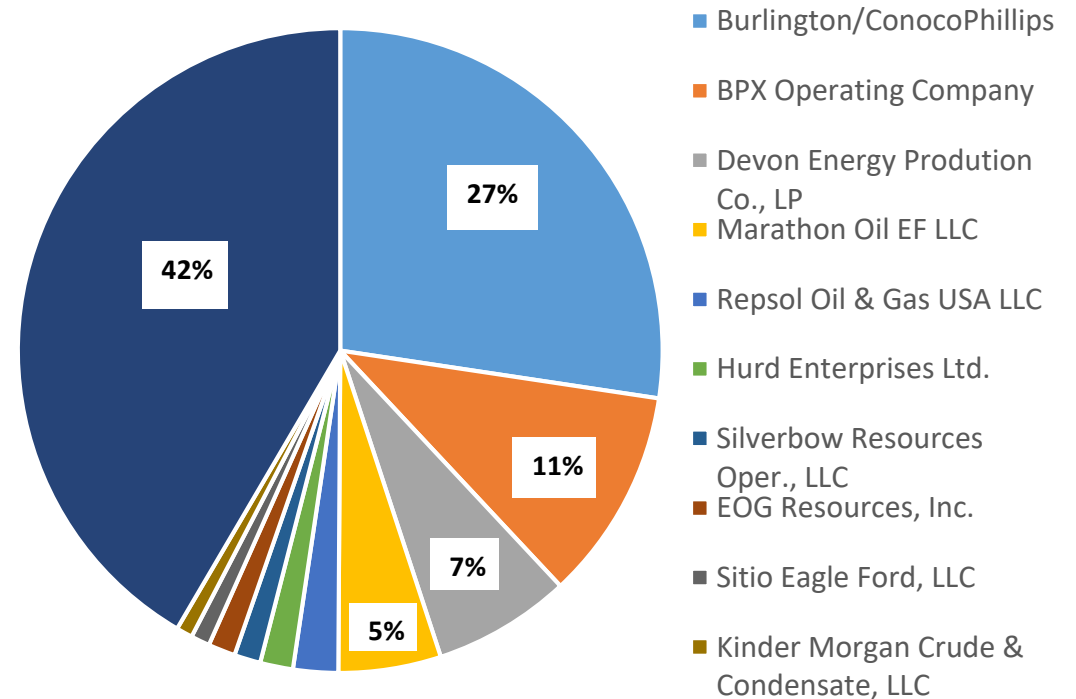
## General Categories of Taxable Property



# 2025 Top 10 Mineral/Industrial Taxpayers

Mineral/Industrial Taxpayer	2025 Taxable Value
Burlington/ConocoPhillips	\$ 2,374,312,970
BPX Operating Company	\$ 924,462, 920
Devon Energy Production Co. LP	\$ 600,069,160
Marathon Oil EF LLC	\$ 446,235,040
Repsol Oil & Gas USA LLC	\$ 195,752,220
Hurd Enterprises, Limited	\$ 142,833,810
Silverbow Resources Oper., LLC	\$ 114,695, 670
EOG Resources Inc.	\$ 118,166,160
Sitio Eagle Ford, LLC	\$ 82,046,070
Kinder Morgan C & C, LLC	\$ 70,828,340
All Other WI & Royalty Interests	\$ 3,604,286,430
Total Taxable Mineral/Industrial	\$ 8,673,688,790

**Total Mineral Values = \$ 8,673,688,790**

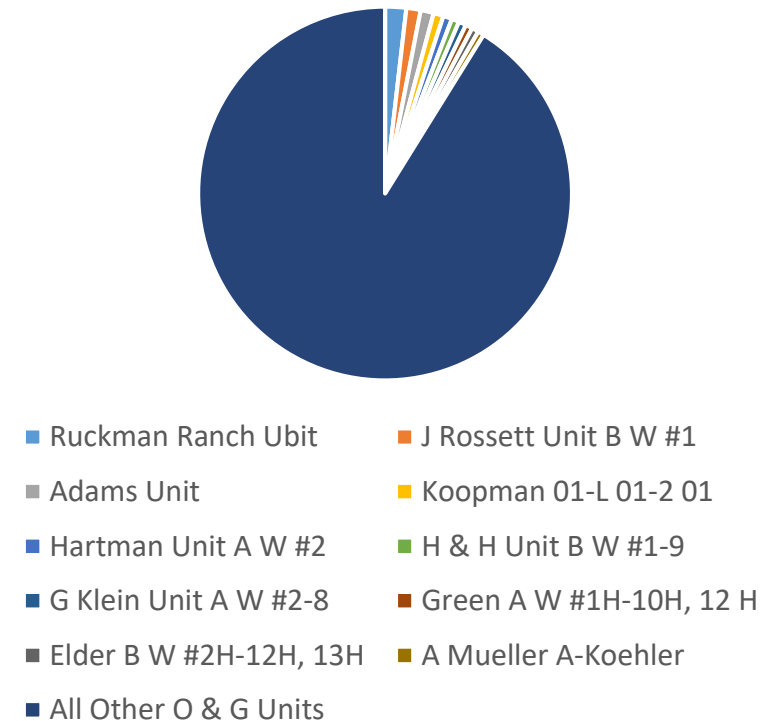


**\* Conoco completed its merger with Marathon in 2025. The combined taxable assets make up 32 percent of De Witt County's mineral values and will yield \$19 out of every \$100 tax levy received in the FY2026 budget year.**

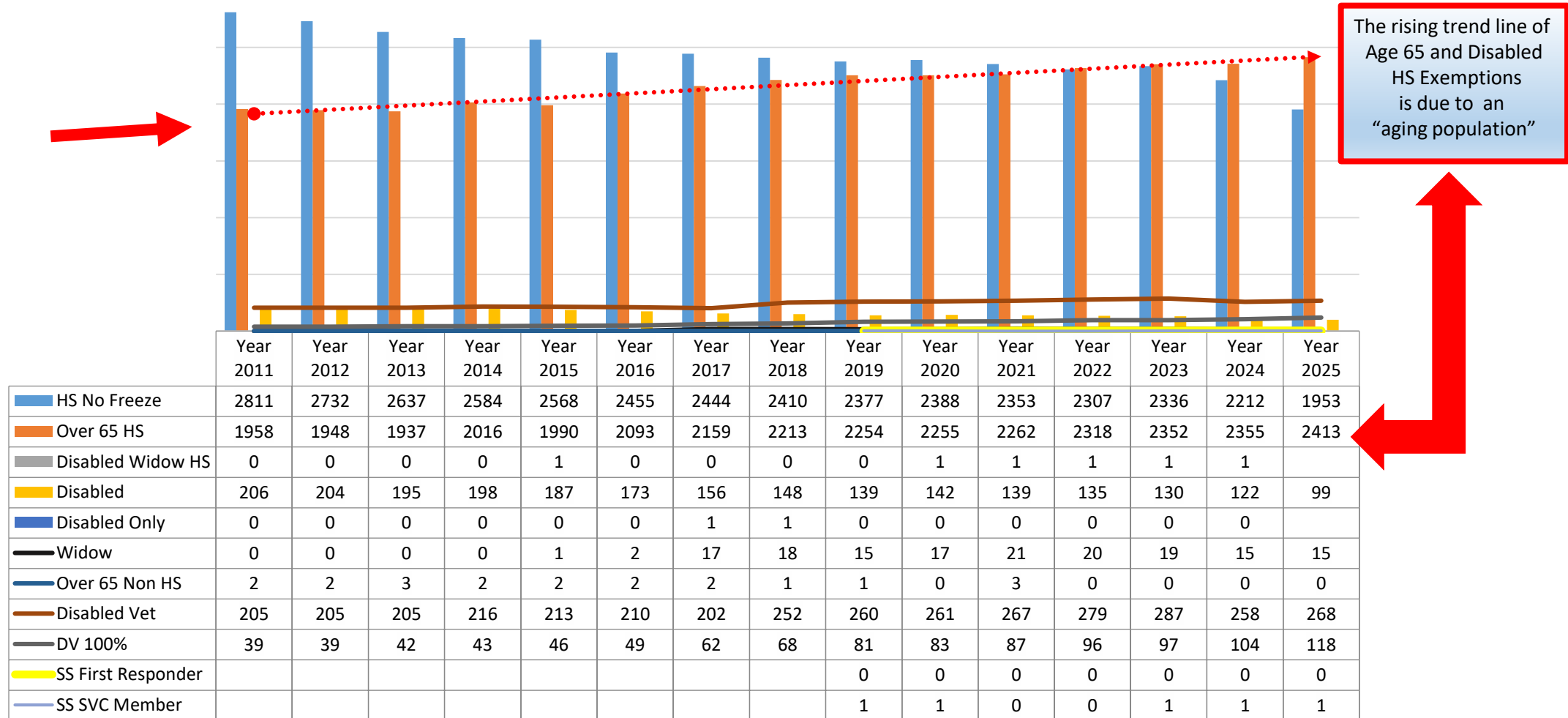
# 2025 Top 10 Mineral Units

Mineral/Industrial Unit	2025 Taxable Value
Ruckman Ranch Unit	\$ 158,196,010
J. Rossett Unit B W #1	\$ 107,054,820
Adams Unit	\$ 98,501,270
Koopman 01-L 01-2 01	\$ 74,895,770
Hartman Unit A W #2	\$ 66,271,910
H & H Unit B W #1-9	\$ 56,598,370
G. Klein Unit A W #2-8	\$ 56,101,130
Green A W #1H-10H, 12H	\$ 51,996,310
Elder B W #2H-12H, 13H	\$ 51,539,100
A Mueller A-Koehler	\$ 46,450,840
<b>Total of Top 10 Mineral Units</b>	<b>\$ 767,605,530</b>
Total Mineral/Industrial, Other	\$ 7,906,083,260

Taxable Value of Top 10 = \$ 767,605,530



The 2025 Tax Freeze Ceiling levy of \$ 950,108 on  
2,914 Qualified Homestead Exemptions valued at \$ 417,714,393  
of frozen taxable value compares to an equivalent tax rate of .22745



# Impact of Appraisal Creep and 2025 Adopted Tax Rate

Impact on Taxable Homestead 2021 vs. 2025

\* Appraisal Districts are regulated by the Property Tax Division of the Comptroller of Public Accounts.

\*\* The operation of the appraisal districts and all property appraisals are governed by the Property Tax Code

Countywide Average of Homesteads By Type:	2021 Taxable Value	2025 Taxable Value	Dollar Change in Appraised Value	Percent Change in Appraised Value	2021 County Tax Levy .46937 per \$100 value	2025 County Tax Levy .38576 per \$100 value	Tax Bill 2025 v. 2021 (\$)
Single Family Residence *A	\$ 86,051	\$ 143,831	\$ 57,780	+ 67.15 %	\$ 403.90	\$ 544.84	+ \$ 150.94 ( + 38 %)
Single Family Residence *A plus Land *E	\$ 109,332	\$ 185,057	\$ 75,725	+ 69.26 %	\$ 513.17	\$ 713.88	+ \$ 200.71 ( + 39 %)
<b>ASSUMPTION:</b>	NO CHANGE IN	TAXABLE VALUE	IN THE LAST	FOUR YEARS	IS ILLUSTRATED	BELOW	ASSUMED TAX SAVINGS BELOW
Single Family Residence *A	\$ 86,051	\$ 86,051	\$ - 0 -	- 0 -	\$ 403.90	\$ 321.71	\$ 82.19 ( - 21 %)
Single Family Residence *A Plus Land *E	\$ 109,332	\$ 109,332	\$ - 0 -	- 0 -	\$ 513.17	\$ 421.76	\$ 173.60 ( - 34 %)

# Approximate Impact of 2025 Adopted Tax Rate

Impact on Taxable Homestead 2024 to 2025

Countywide Average of Homesteads By Type:	2024 Taxable Value	2025 Taxable Value	Dollar Change in Appraised Value	Percent Change in Appraised Value	2024 County Tax Levy .36601 per \$100 value	2025 County Tax Levy .38576 per \$100 value	Tax Levy 2024 V. 2025 (\$)
Single Family Residence *A	\$ 129,873	\$ 143,831	\$ 13,958	+ 10.75 %	\$ 475.35	\$ 554.84	+ \$ 79.49 (+ 16.7 %)
Single Family Residence *A plus Land *E	\$ 166,274	\$ 185,057	\$ 18,783	+ 11.30 %	\$ 608.58	\$ 713.88	+ \$ 105.30 (+ 17.3 %)
<b>ASSUMPTION:</b>	<b>NO CHANGE</b>	<b>IN TAXABLE</b>	<b>VALUE</b>	<b>ILLUSTRATED</b>	<b>BELOW</b>		<b>ESTIMATED CHANGE IN TAX LEVY IF NO TAXABLE VALUE INCREASE</b>
Single Family Residence *A	\$ 129,873	\$ 129,873	\$ - 0 -	- 0 -	\$ 475.35	\$ 501.00	+ \$ 25.65 (+ 5.39 %)
Single Family Residence *A Plus Land *E	\$ 166,274	\$ 166.274	\$ - 0 -	- 0 -	\$ 608.58	\$ 641.42	+ \$ 32.84 (+ 5.39 %)

# Impact of 2025 Calculated Tax Rates

on Average Homestead \*A plus Land \*E, and Mineral Values

*Adopted Tax Rate impact is highlighted in Red*

2025 Taxable Value	Tax Rate / Type	2025 Tax Levy	\$ Change from 2024 (assumes no change in taxable value)	% Change from 2024
\$ 185,057	.36601 / Current	\$ 677.33	\$ -0-	-0-
\$ 185,057	.37235 / NNR	\$ 689.06	\$ 11.73	1.74 %
<b>\$ 185,057</b>	<b>.38576 / VATR</b>	<b>\$ 713.88</b>	<b>\$ 36.74</b>	<b>5.39 %</b>
\$ 8,673,688,790	.36601 / Current	\$ 31,746,568	\$ -0-	-0-
\$ 8,673,688,790	.37235 / NNR	\$ 32,296,480	\$ 549,912	1.74 %
<b>\$ 8,673,688,790</b>	<b>.38576 / VATR</b>	<b>\$ 33,459,622</b>	<b>\$ 1,713,054</b>	<b>5.39 %</b>

The NNR is a tax rate that raises no new revenue. The rate can be higher or lower than the previous year's tax rate because of fluctuations in the certified appraisals. Higher appraisals will lower the tax rate. Lower appraisals will raise the tax rate in order to keep tax revenue equal. The VATR is a tax rate that will yield an additional 3.5% under current state law.



# Taxpayer Impact Statement

This comparison statement is provided pursuant to Section 551.043(c) of the Texas Government Code as amended September 1, 2025.

2024 Median-Taxable Value of a Homestead:	\$ 123,440	2025 Median-Taxable Value of a Homestead:	\$ 139,795
2024 Year Taxable Value and (FY2025) County Tax Levy (.36601/\$100):	\$ 451.80	2025 Taxable Value and Current (FY2025) County Tax Levy (.36601/\$100):	\$ 511.66
Estimated taxes using the <u>No New Revenue Tax Rate</u> of .37235/\$100 of Taxable Value:	\$ 459.63	Estimated taxes using the <u>No New Revenue Tax Rate</u> of .37235/\$100 of Taxable Value:	\$ 520.53
Estimated taxes under the Proposed FY2026 Budget and Proposed 2025 Tax Rate (.38576/\$100):	\$ 476.18	Estimated taxes under the Proposed FY2026 Budget and Proposed 2025 Tax Rate (.38576/\$100):	\$ 539.27

Commissioners Court has no authority to appraise the taxable value of property. Refer to Section 6.01 of the Property Tax Code.