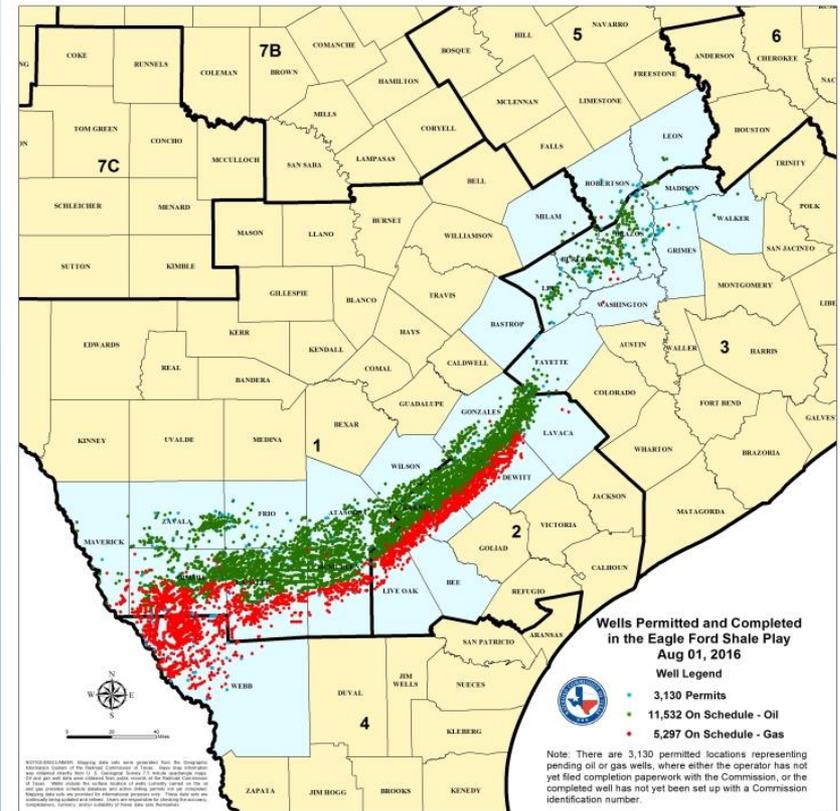
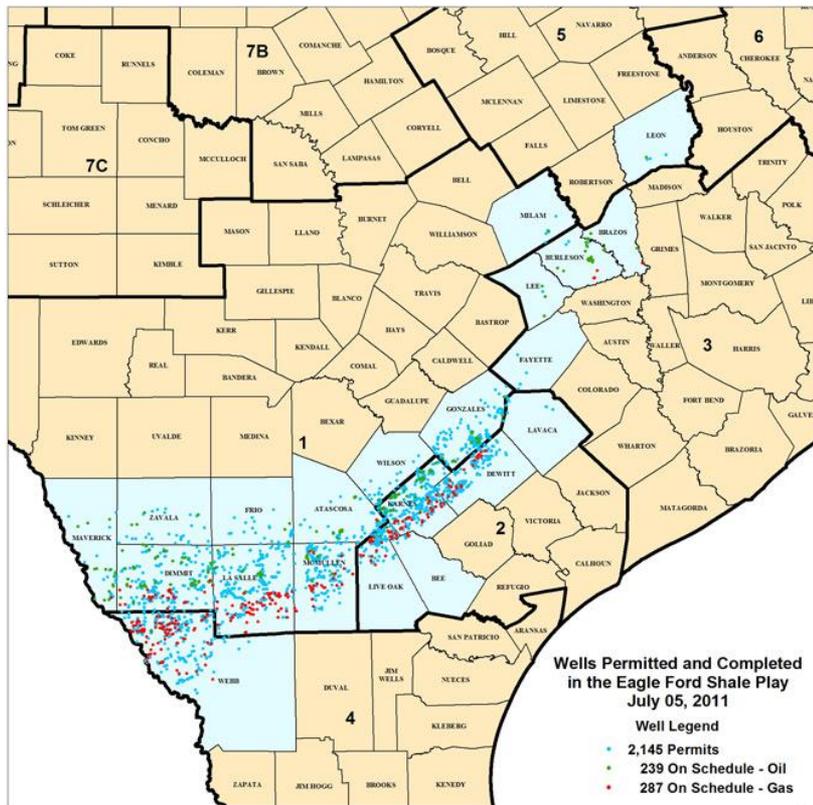


# DeWitt County, Texas

## FY 2017 Budget Presentation



# EFS Cumulative permits issued



## [Online Video Transition of Permit Maps](#)

FY 2017 Budget Presentation August 22, 2016

# W-1 Drilling Permits in DeWitt County

- 125 approved in 2010
- 141 approved in 2011
- 301 approved in 2012
- 355 approved in 2013
- 421 approved in 2014
- 250 approved in 2015
- 109 approved YTD (08/22/2016)

1702 cumulative well permits issued



# Assessing the Road Damage



**\$432 million to repair 342 miles of damage**

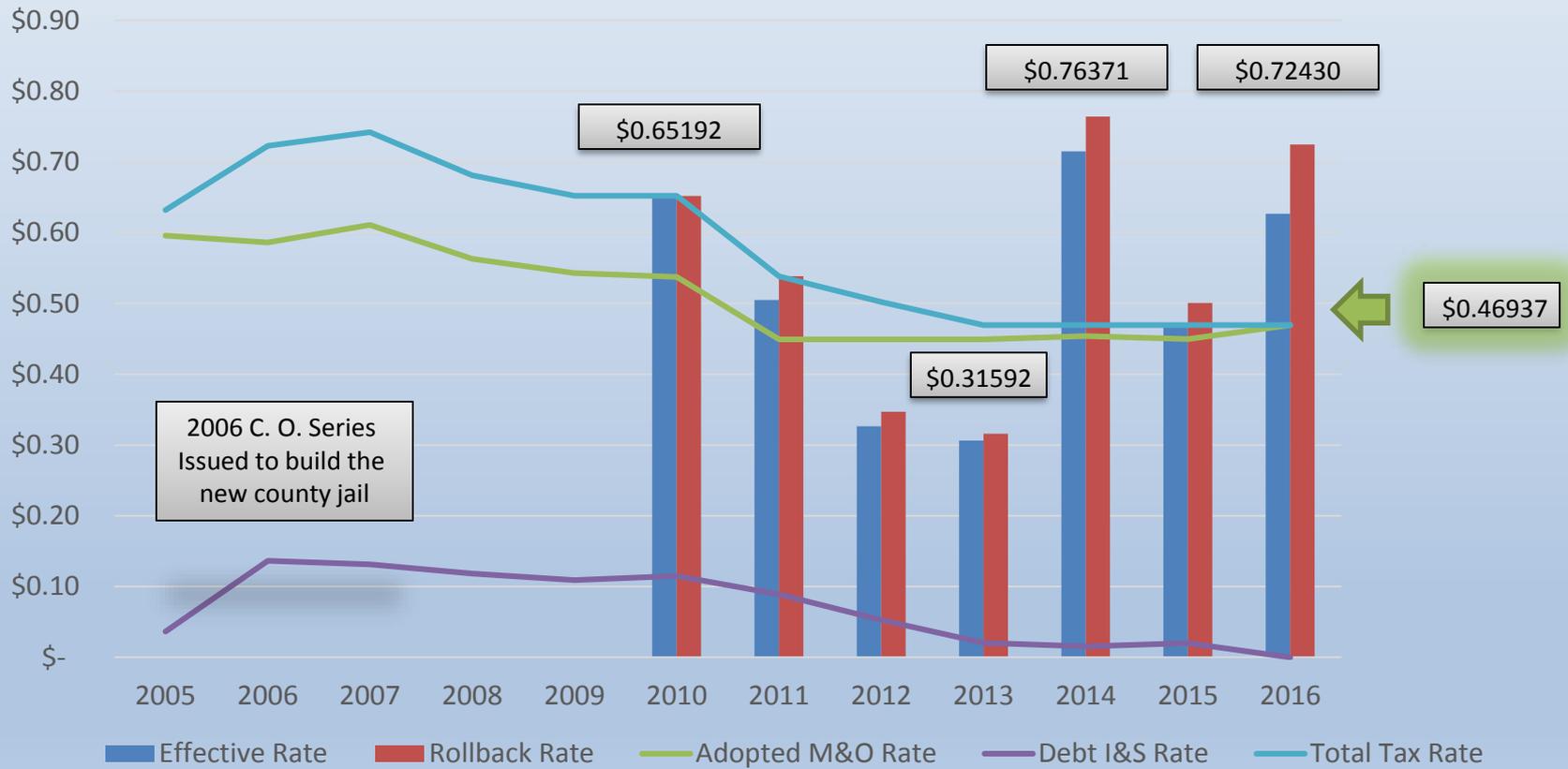


# FY2017 Tax Policy

- Understand that Mineral value is volatile and is not a dependable source of revenue over the long term
- Avoid unwarranted abatement of property taxes to the oil and gas industry
- Utilize the CETRZ tax increment account for additional revenue to pay for road projects and qualify for TIF grant funding when available

# Volatile History of Tax Rates

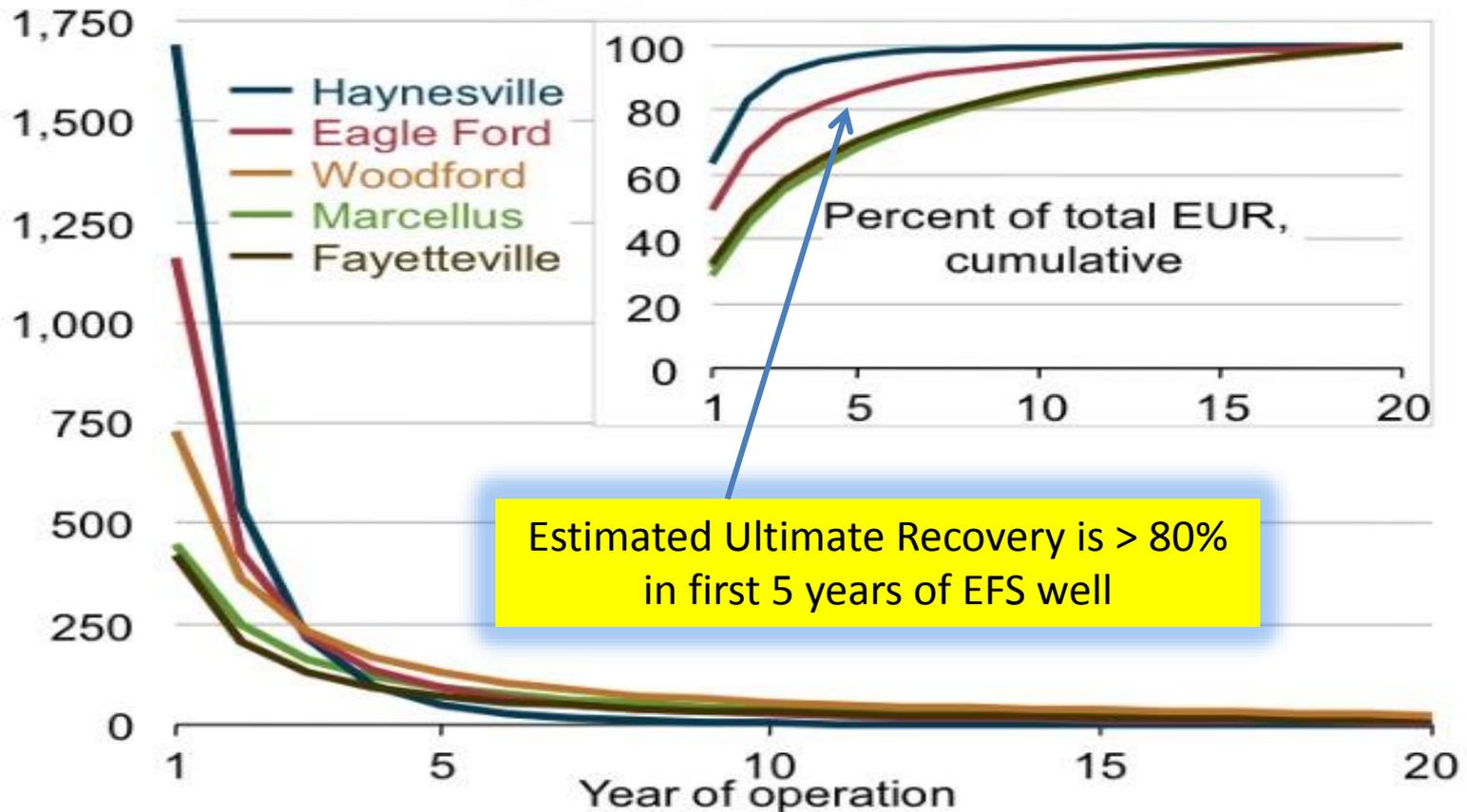
Tax Rates per \$100 of Appraised Value



# The Basis of Tax Policy:

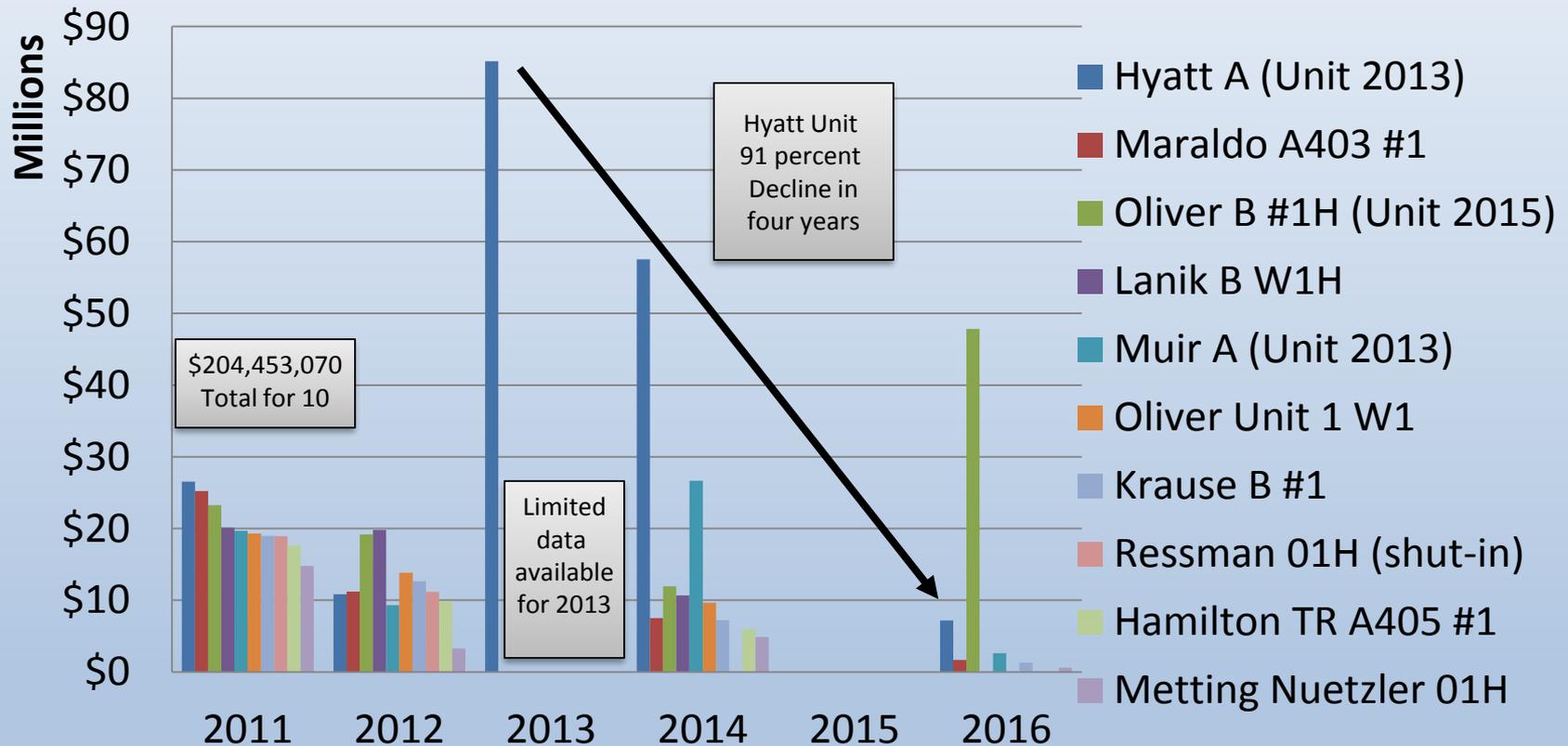
## The Decline Curve of Shale Wells

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



# Top 10 Producing Well of 2011

Significant value decline in four years



Hyatt A Unit has declined 91 percent in four years

# Drilling Activity Impact on Tax Base

## Annual W-1 Permits Approved



## Property Tax Base in Billions



# Property Tax Base impact on Revenue and Expenditures

## Property Tax Base in Billions

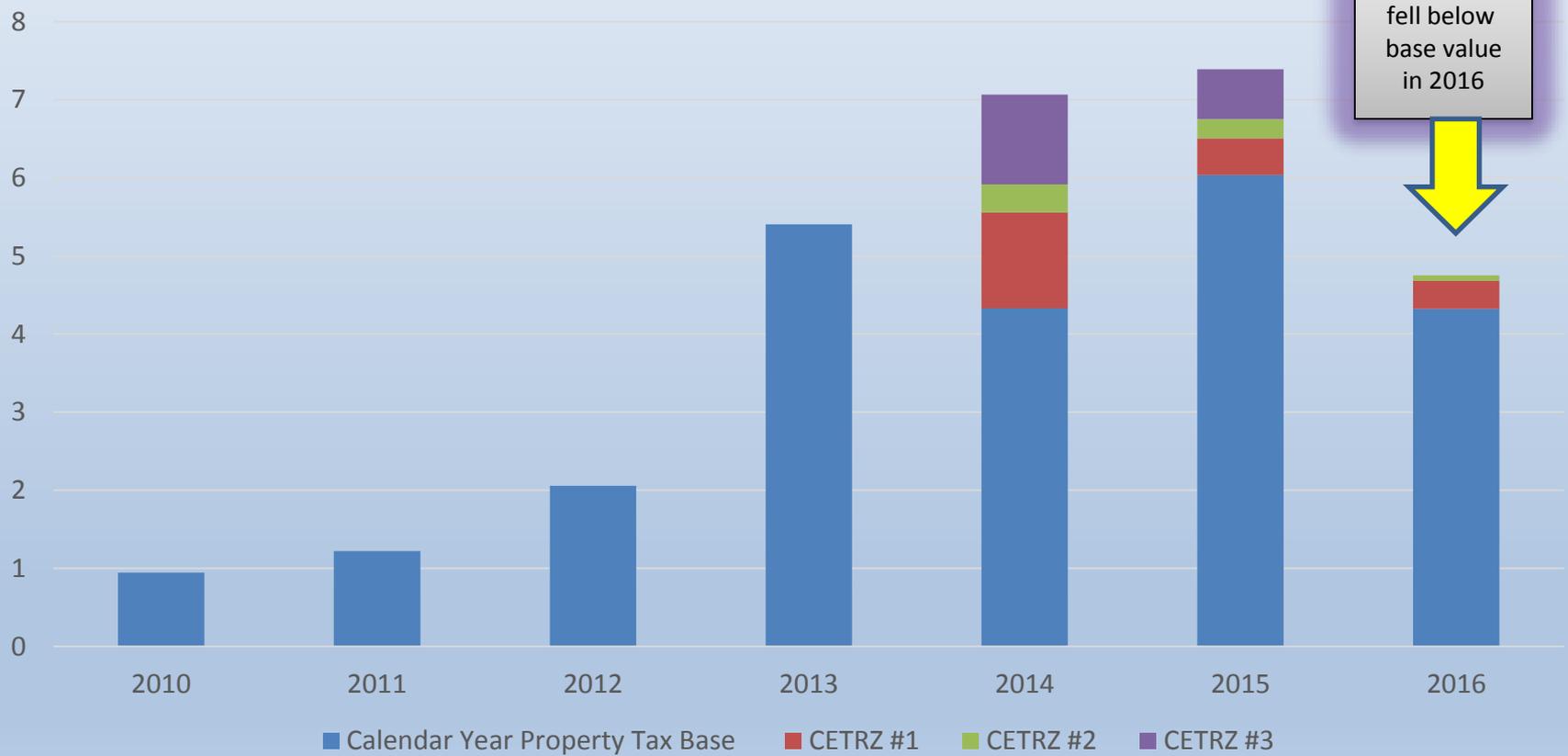


## Annual Appropriation in Millions



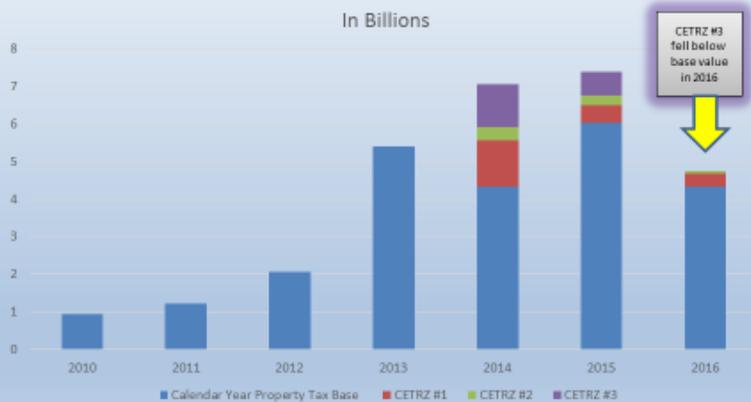
# Property Tax Base with CETRZ values

In Billions



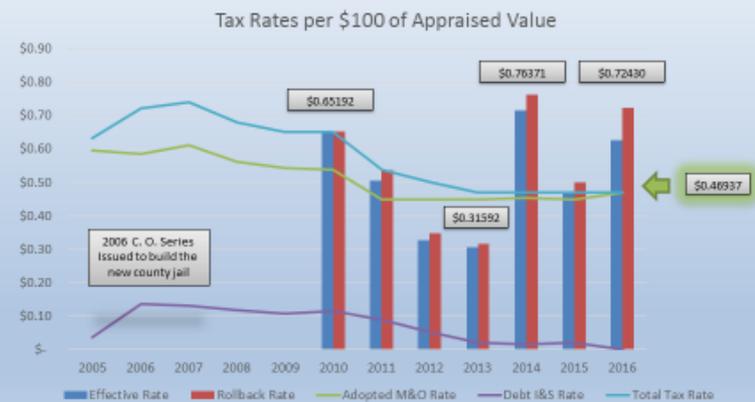
# Comparing Tax Base to Tax Rates: Inverse relationship

## Property Tax Base with CETRZ values



FY 2017 Budget Presentation August 22, 2016

## Volatile History of Tax Rates

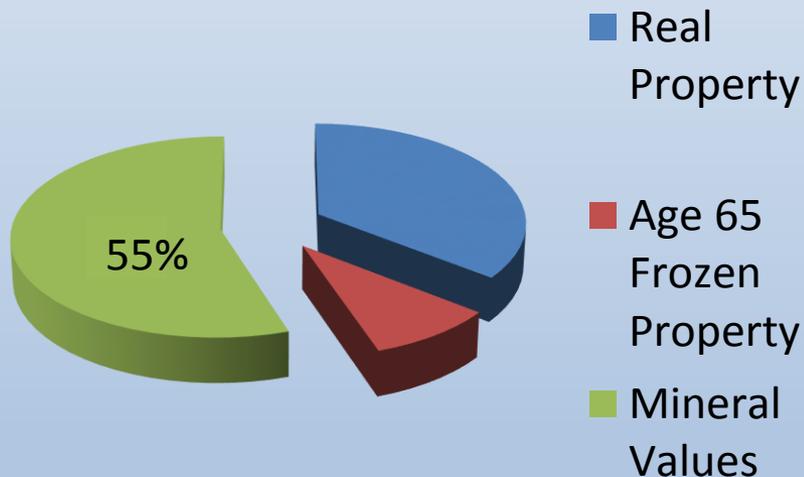


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# Drilling Impact on the Tax Base

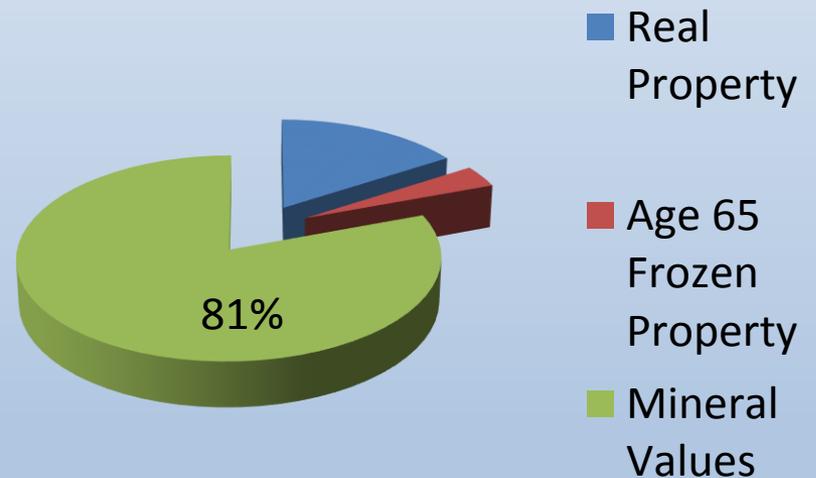
2011

Percentage of taxes paid



2016

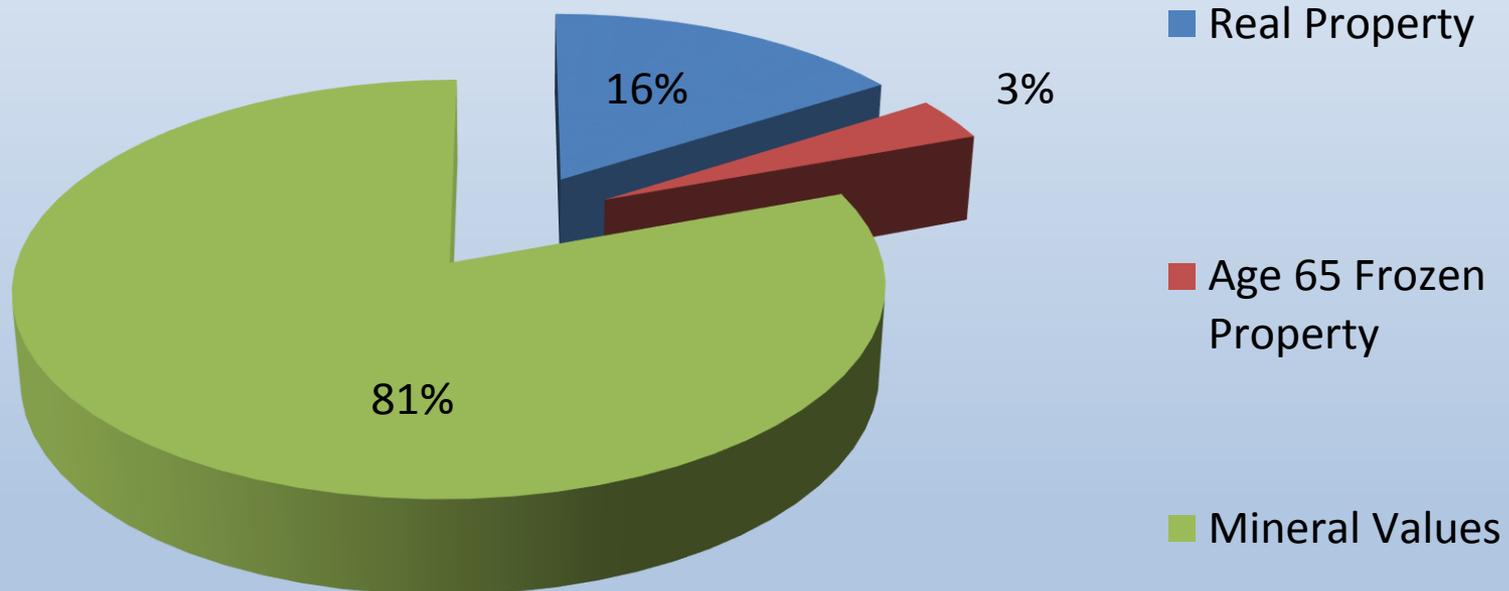
Percentage of taxes paid



Mineral value peak at 90% in 2014

# 2016 Tax collection

- \$81 of every \$100 will be collected from oil and gas interests based on 2016 tax roll
- \$ 3 of every \$100 will be collected from the Over 65 and Disabled homesteads
- \$16 of every \$100 will be collected from all other Real Property



Frozen Values represent the designated homesteads of the Over 65 and Disabled. Taxes are frozen even if tax rates increase. Improvements to the property may increase the appraised value and the tax levied on the property. Reappraisals and changes in the property tax levy may apply to future improvements in the property.

# FY2017 Budget Policy

- Observe fiscal discipline
- Focus on long term stability of operations
- Utilize cash reserve balances (where needed) for consistent level of service
- Maintain road and bridge efforts in all precincts (although \$2.75 million less)
- Maintain current level of employees
- Maintain current wage scale
- Continue 21<sup>st</sup> Century fiber optic upgrades in Information Technology budget
- Courthouse basement water mitigation project
- County operations office space and utilization study
- Conserve cash reserve balances and prepare for a soft landing
- Avoid issuing additional debt

# Budget Concentration on Road Damage and Repair

Annual Appropriation in Millions



Road and Bridge Budget In Millions



# Countywide Road and Bridge Budgets FY2010 through FY2017

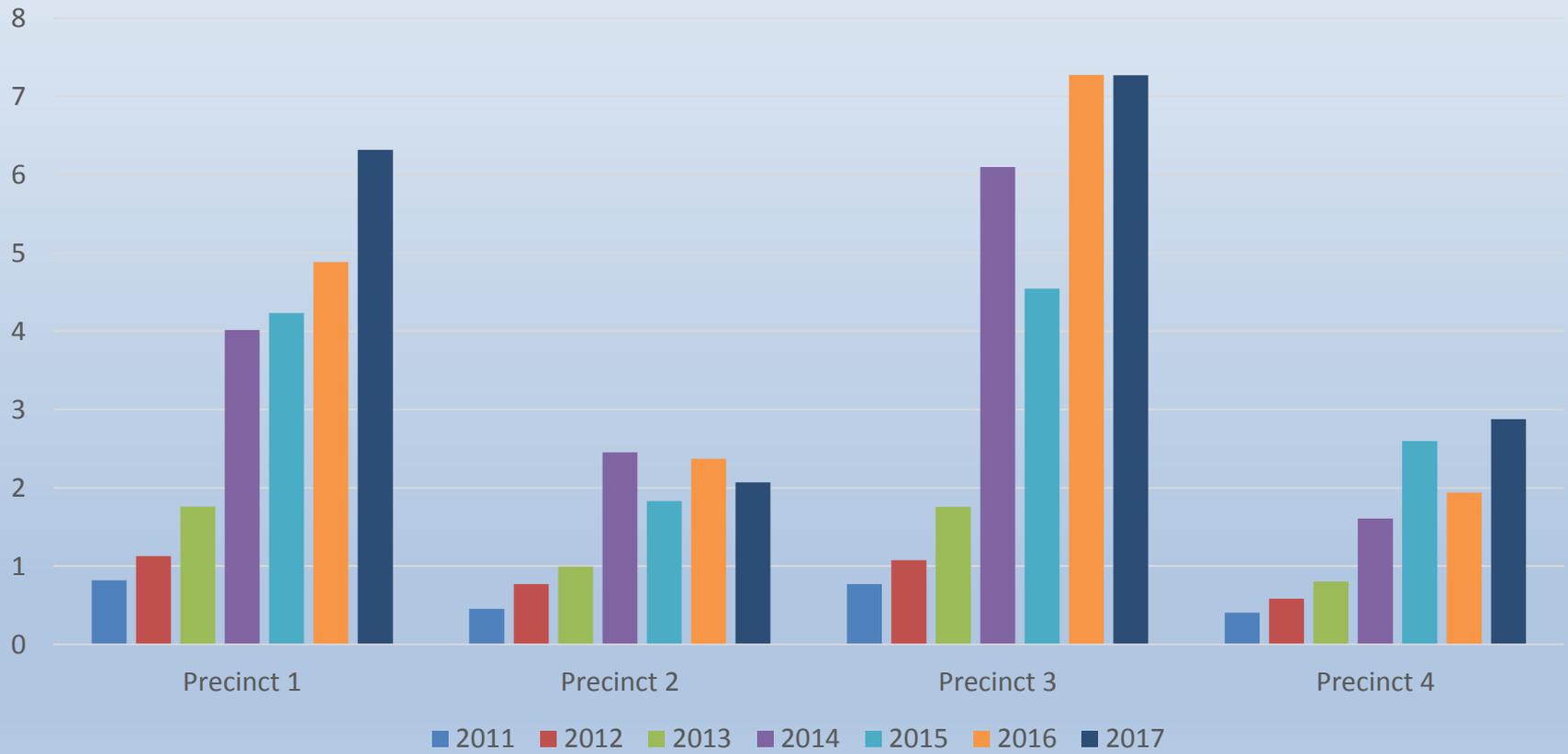
In Millions



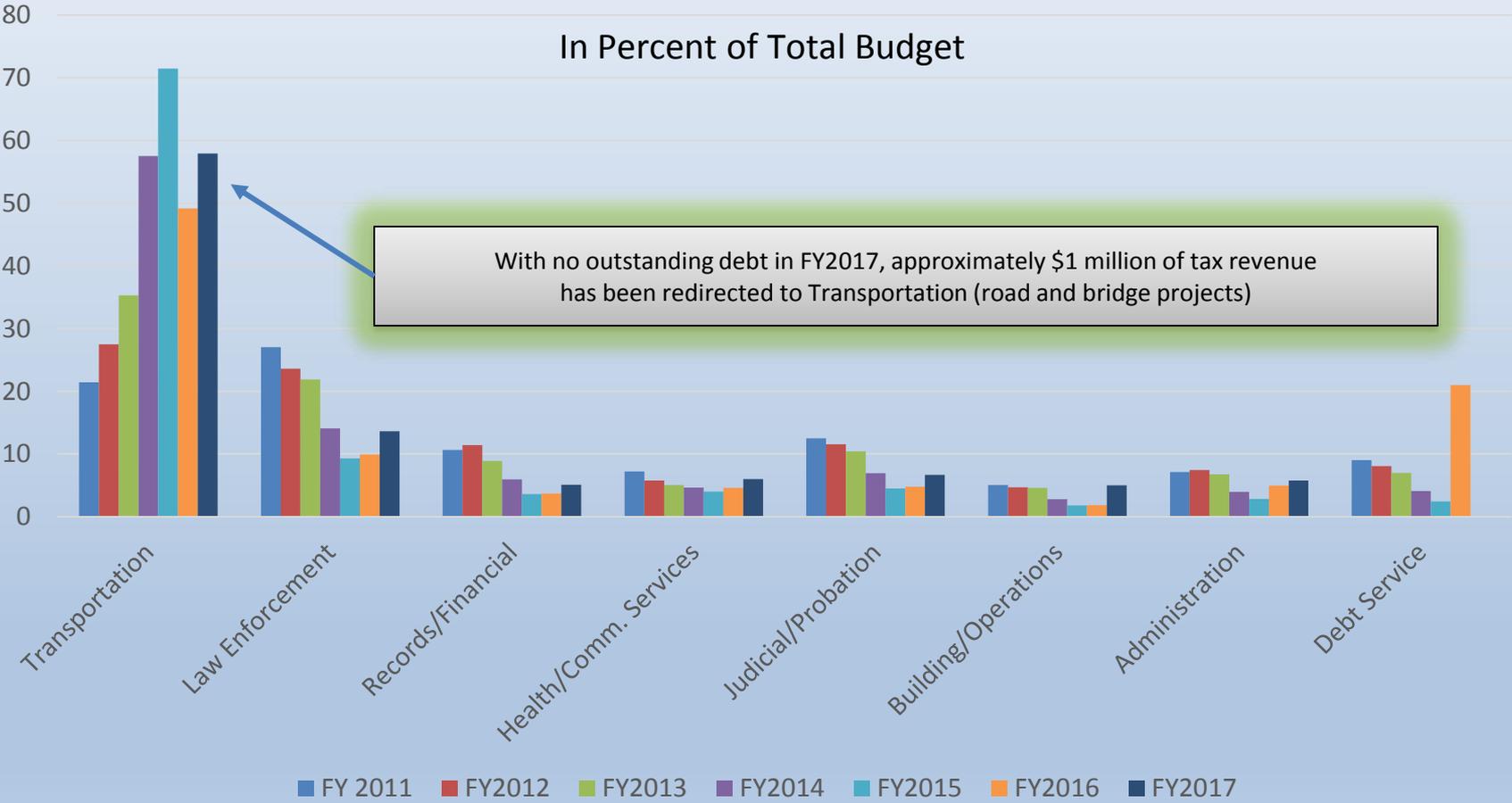
# Road and Bridge Budgets by Precinct

Appropriated \$100,974,106 since FY2011

In Millions



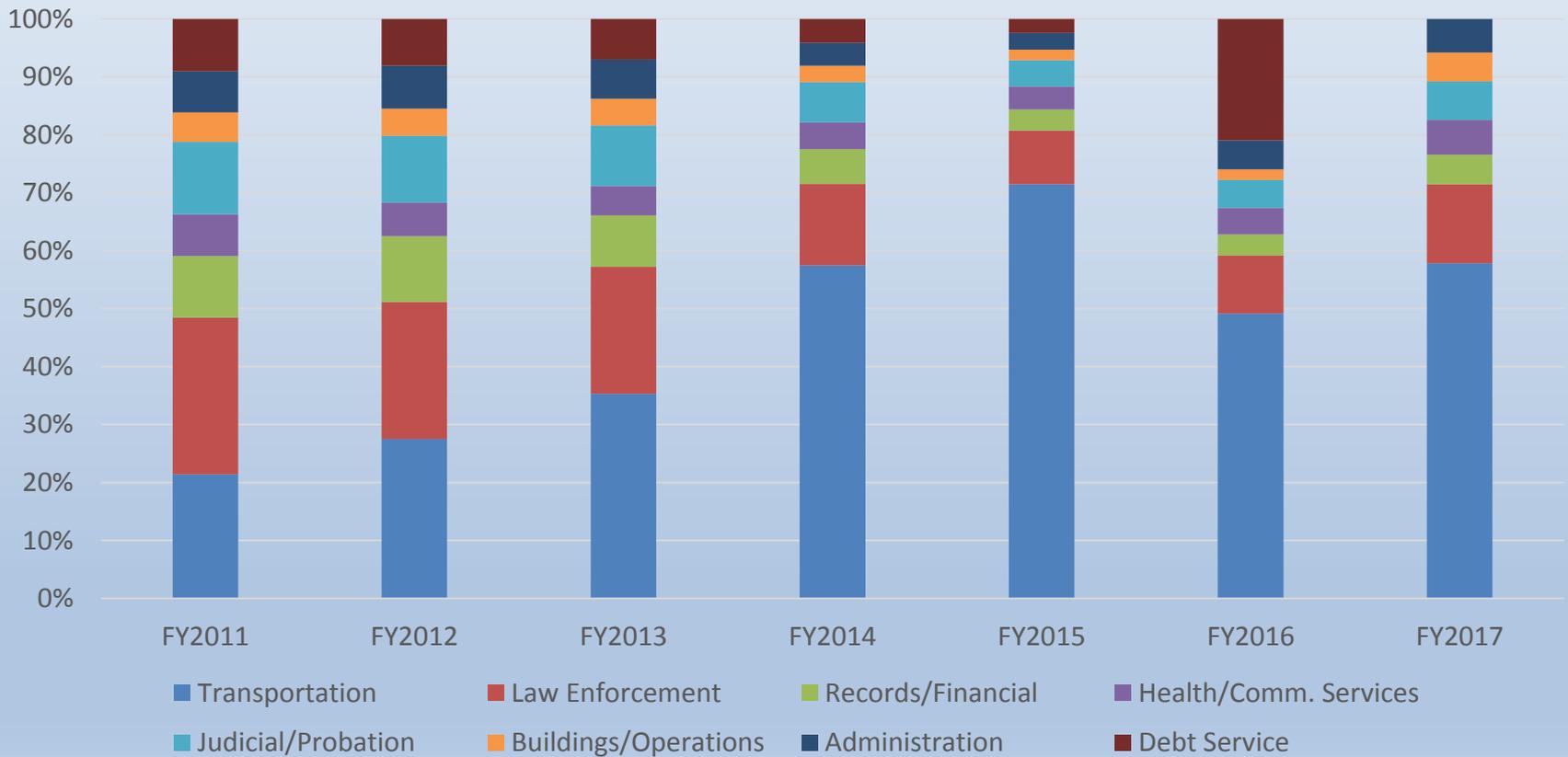
# Budgeted Appropriations by Category since FY2011



# Budgeted Appropriations

comparison FY2011 to FY2017

## Percent of Total



# Summary of Recent Budget History

- Current tax rate is lower than 1997 tax rate
- 28.7 percent tax rate reduction since 2011
- \$280.70 less tax on \$100,000 home since 2011
- Outstanding debt paid off in 2016:                   \$9,563,391
- \$100,974,106 cumulative road and bridge appropriation
- Competitive wage scale implemented
- \$14.33 per hour minimum full-time wage
- New revenue sources for road projects, i.e. SB1747 and HB2521

# Legislative Success



- Senate Bill 1747
- House Bill 2521

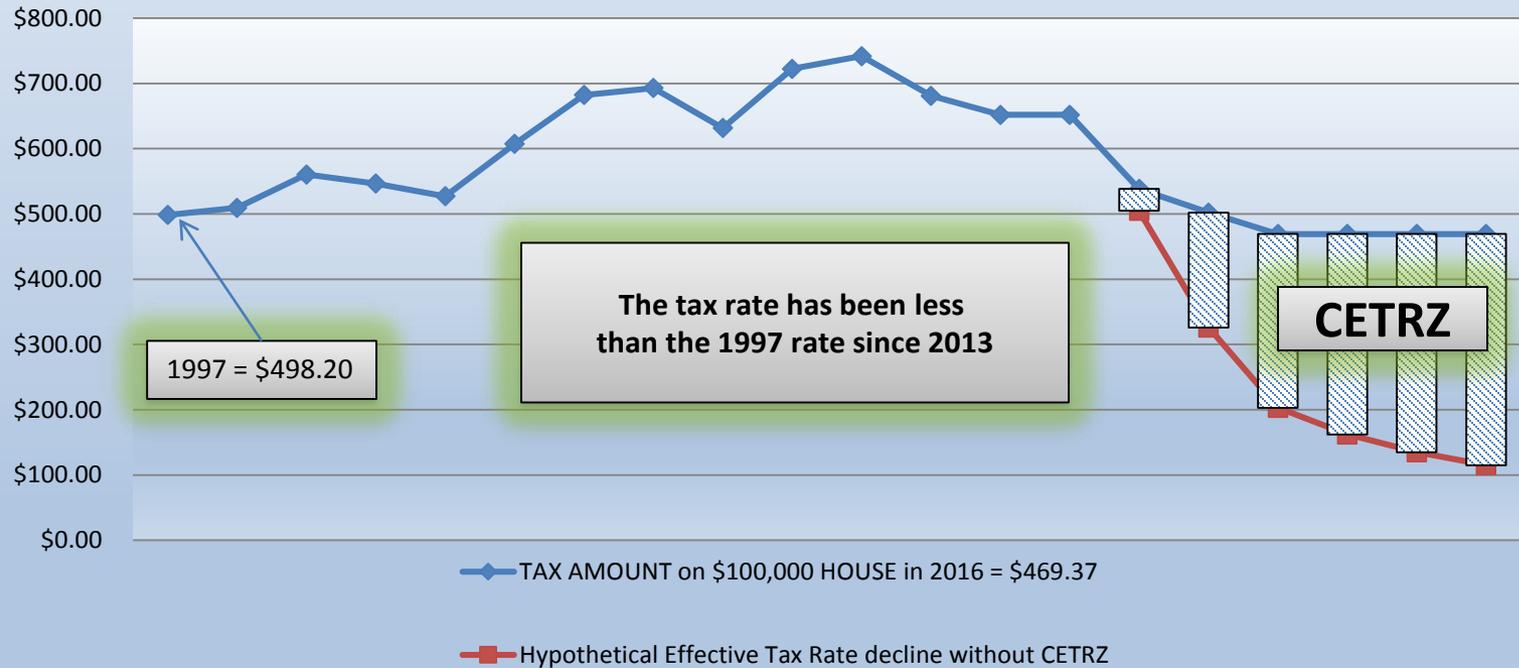
# Senate Bill 1747

83<sup>rd</sup> Legislature

- Provides for creation of energy sector reinvestment zones (CETRZ)
- Protects taxpayers from volatile swings in the tax rate
- Minimizes the risk of a rollback election
- Allows county to enhance tax revenue dedicated for road projects in the county
- Provides opportunity to claim state-funded grants
- \$224.5 million statewide TIF appropriation in 2013
- DeWitt County received a \$4,957,614 TIF Grant
- \$6.1 million cost of four road projects in 2015
- Up to 85<sup>th</sup> Legislature to appropriate additional grant funds

# CETRZ Captures Additional Tax Revenue for Road Projects

CETRZ establishes a baseline of property value when established. Added property value does not influence the decline of the Effective Tax Rate. Tax dollars are dedicated to a Tax Increment Account and are dedicated to road projects.



# House Bill 2521

84<sup>th</sup> Legislature

- Effective September 1, 2017
- Corrects AG Opinion WW-870 issued in 1960
- The bill orders that lease income generated from county road right-of-way is to be paid to the county of origin
- Lease payments are protected from future legislative appropriation
- County is a direct payee of new leases after September 1, 2017
- Paid to State of Texas in the last five years: \$18,694,557
- Future revenue to DeWitt County is incalculable and unpredictable

# HB2521 Poster Child: Cheapside Road



More than \$18,694,557 lease income  
paid to the state treasury since  
January 2011

September 1, 2017



The Commissioners Court appreciates the citizens of DeWitt County for the confidence shown in allowing the court to develop budgets to address the unprecedented challenges brought on by development of the Eagle Ford Shale.

Additionally, the Commissioners Court greatly appreciates the dedication and cooperation among other elected officials, departments heads, and county employees.

Without the collective spirit of pride in performing a good job and dedication to making our county a better place to live, none of these accomplishments would have been possible.

Thank You.