

FY2023 County Budget

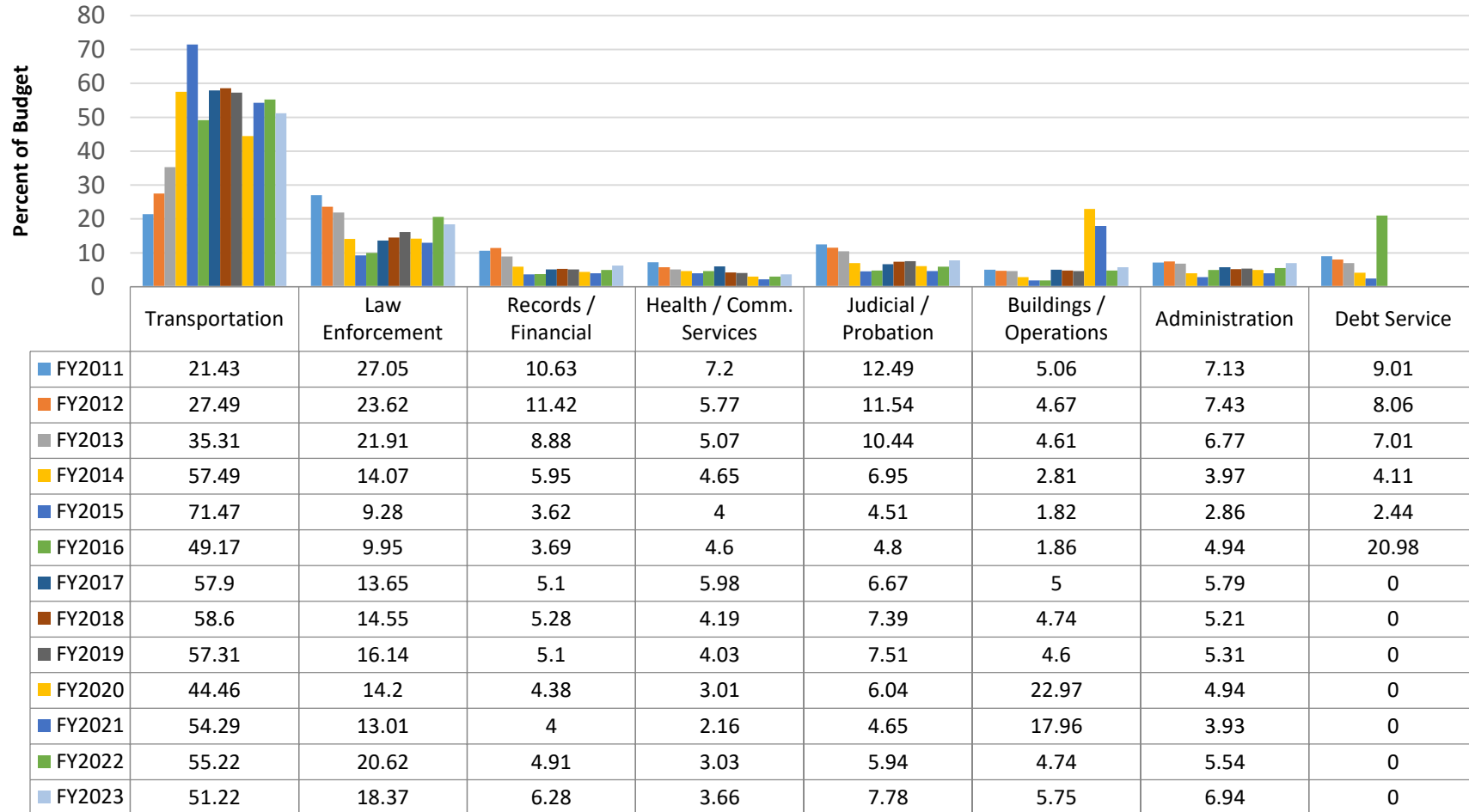
DeWitt County, Texas

FY2023 Budget Policies

Hearing held on August 22, 2022 at 9:00 A.M. in the County Courtroom

- Adopt a relatively-balanced budget that provides statutorily-mandated public services.
- Appropriate \$18.1 million for road construction and equipment in all four precincts. (Projects will be funded through the oil and gas royalties received from HB2521, local tax dollars, and fees.)
- Appropriate \$700,000 and facilitate the extension of FM240 in Westhoff to re-route semi-truck traffic away from the public school.
- Appropriate funds toward Weber Annex office upgrades.
- Continue work toward the preservation of the Bates-Sheppard Home (site of the DeWitt County Historical Museum).
- Close on the purchase of 100 acres from the Texas Department of Criminal Justice, if the purchase is not closed in FY2022.
- Hire staff to implement certain unfunded state mandates related to Senate Bill 6 (87-R); and adjust job classification categories to reflect significant contributions made toward constituent service.
- Provide a 5 percent COLA to employees and elected officials (No COLA was authorized in FY2022).
- 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.
- Avoid issuing debt financed by the unpredictable mineral component of the tax base.

Appropriation by General Category of Expenditure \$34,978,568 Budgeted for FY2023



Eagle Ford Shale Era Road and Bridge budgets by Precinct

Expressed in Millions



■ FY2011 ■ FY2012 ■ FY2013 ■ FY2014 ■ FY2015 ■ FY2016 ■ FY2017
■ FY2018 ■ FY2019 ■ FY2020 ■ FY2021 ■ FY2022 ■ FY2023

FY2023 Tax Policy

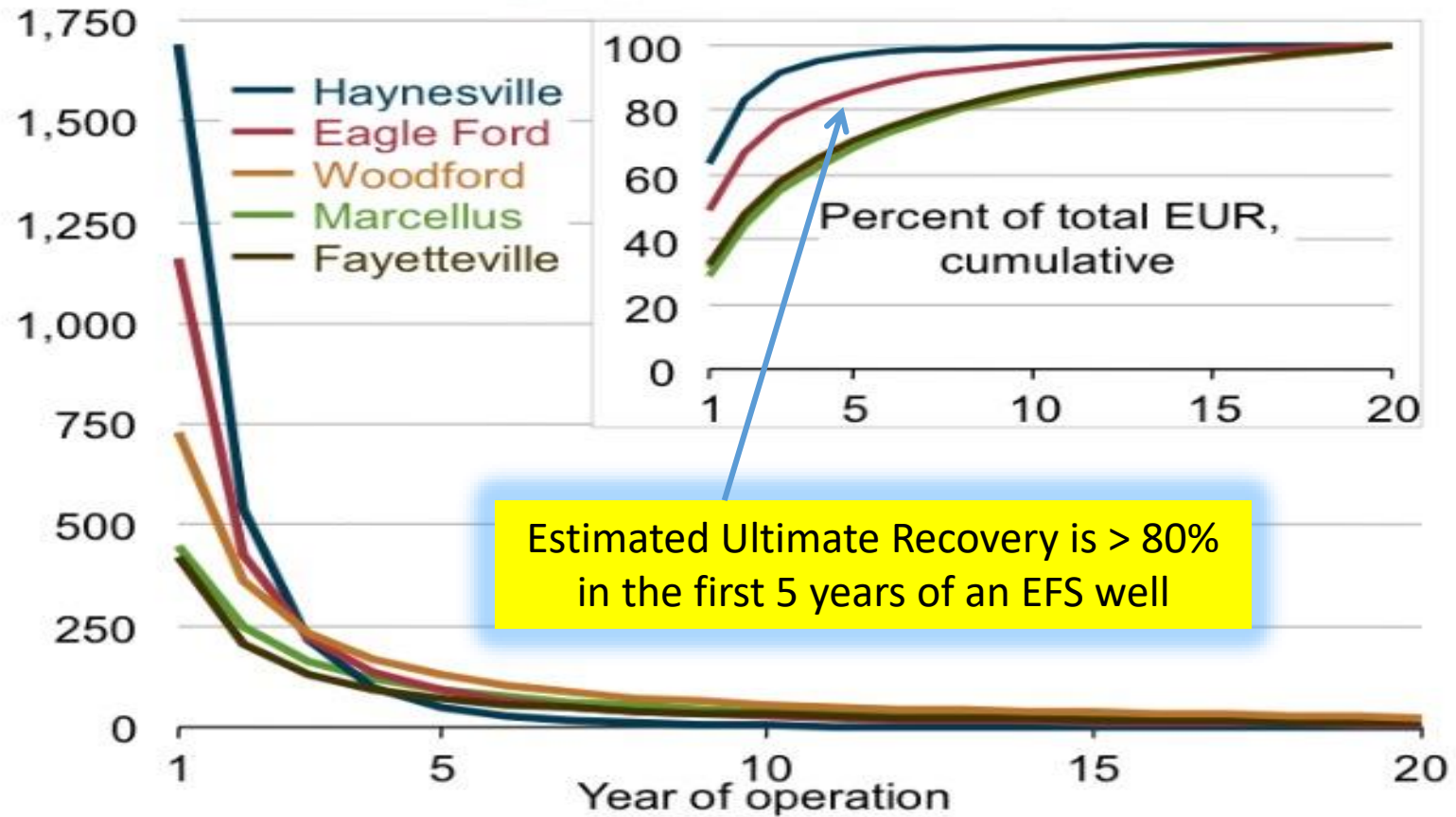
Hearing held in conjunction with County Budget Hearing on August 22, 2022 at 9:00 A.M. in the County Courtroom

- The adopted tax rate accurately addresses the needs of the county, which include: 1) paying for necessary services; 2) rebuilding fund balances; and 3) providing property tax relief.
- The adopted rate is above the No New Revenue tax rate and utilizes an Unused Increment Rate that was created by the Texas Legislature in 2019 under Senate Bill 2 (87-R) to stabilize (otherwise volatile) tax rates in energy-producing counties.
- The adopted tax rate provides a 10 percent tax rate reduction on all taxable property in the county and is intended to offset the average appraisal increase on real property in 2022.
- **Note about property appraisal:** The DeWitt County Central Appraisal District is a subdivision of the State of Texas and governed by the Tax Code under the jurisdiction of the Comptroller of Public Accounts.
- **Note about tax assessment:** The tax rates adopted by other jurisdictions are a function of the governing bodies of those jurisdictions.
- **Note about tax collection:** DeWitt 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:** Beginning this year, Yoakum ISD taxes will be collected by DeWitt County and the collections will be remitted back to the school system for its budgeted purposes.

The Basis of Tax Policy:

Mineral values are volatile and 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)



Property Tax Code

(New Section added by Senate Bill 2 in 2019)

Sec. 26.013. UNUSED INCREMENT RATE.

(a) In this section:

- (1) "Actual tax rate" means a taxing unit's actual tax rate used to levy taxes in the applicable preceding tax year.
- (2) "Voter-approval tax rate" means a taxing unit's voter-approval tax rate in the applicable preceding tax year less the unused increment rate for that preceding tax year.
- (3) "Year 1" means the third tax year preceding the current tax year.
- (4) "Year 2" means the second tax year preceding the current tax year.
- (5) "Year 3" means the tax year preceding the current tax year.

(b) In this chapter, "unused increment rate" means the greater of:

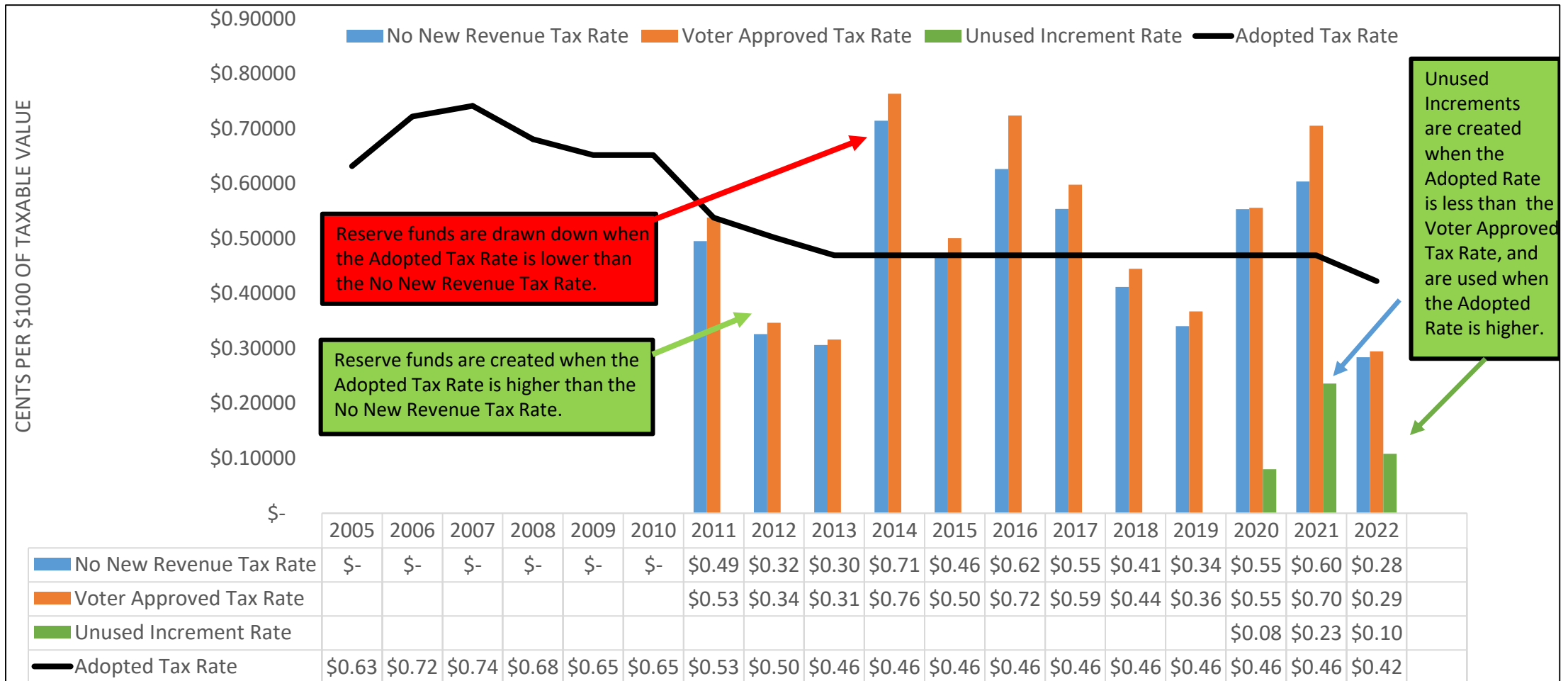
- (1) zero; or
- (2) the rate expressed in dollars per \$100 of taxable value calculated according to the following formula:
$$\text{UNUSED INCREMENT RATE} = (\text{YEAR 1 VOTER-APPROVAL TAX RATE} - \text{YEAR 1 ACTUAL TAX RATE}) + (\text{YEAR 2 VOTER-APPROVAL TAX RATE} - \text{YEAR 2 ACTUAL TAX RATE}) + (\text{YEAR 3 VOTER-APPROVAL TAX RATE} - \text{YEAR 3 ACTUAL TAX RATE})$$

(c) Notwithstanding Subsection (b)(2), for each tax year before the 2020 tax year, the difference between the taxing unit's voter-approval tax rate and actual tax rate is considered to be zero. This subsection expires December 31, 2022.

Added by Acts 2019, 86th Leg., R.S., Ch. 944 (S.B. [2](#)), Sec. 34, eff. January 1, 2020.

Historical Tax Rate calculations and Adopted Rates

* The Unused Increment Rate is a new tax rate component authorized by Senate Bill 2 (87-R) and can be used to recover previous revenue losses associated with wild swings in a county tax base which effectively minimizes the volatility experienced by energy producing counties.

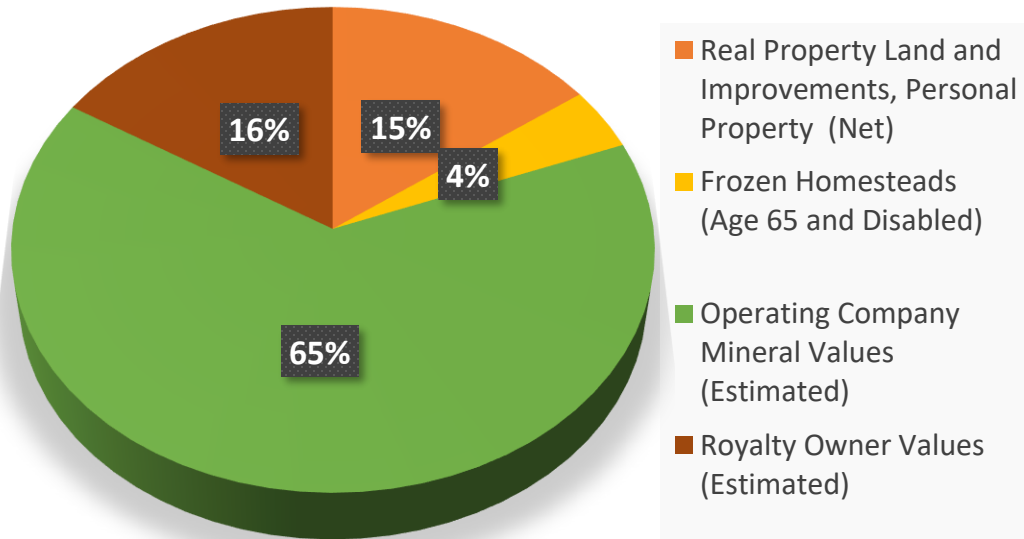


2022 Certified Appraised Values increased by \$2.57 billion (+59%)
offsetting multi-billion dollar declines in 2020 and 2021

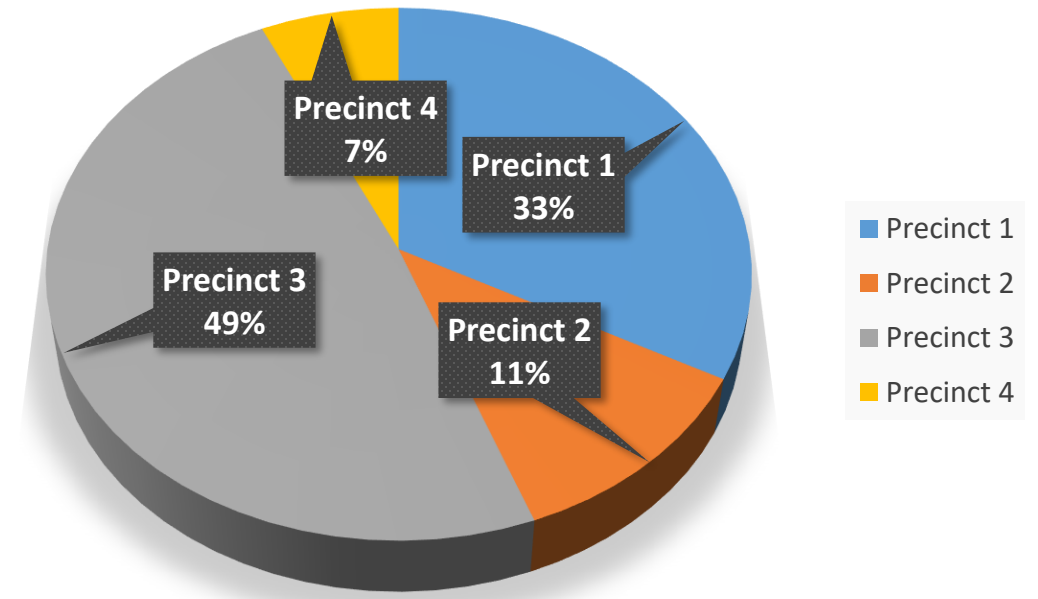
\$ 7,117,442,157 Net Taxable Value

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General Categories of Taxable Property



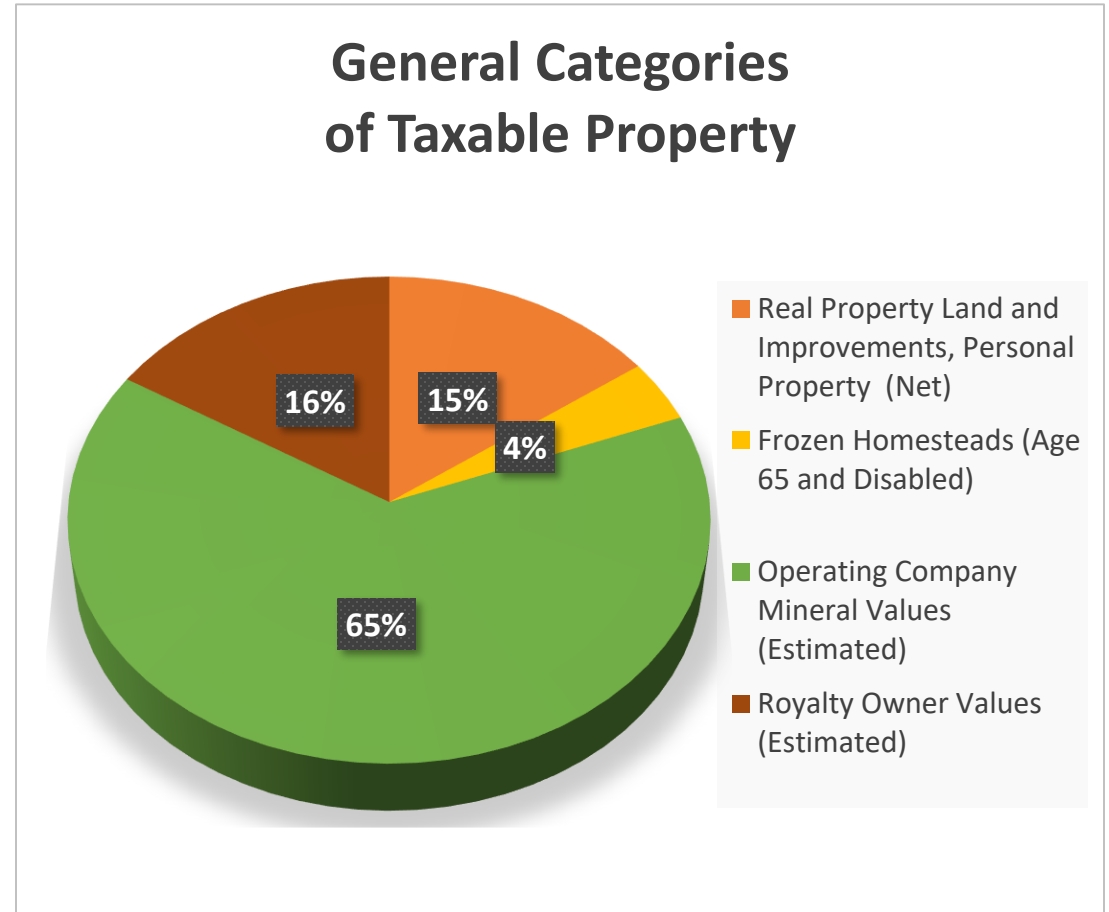
Property Values by Precinct



Distribution by Category of Taxpayer

(each Penny of tax rate raises \$682,861 of tax revenue)

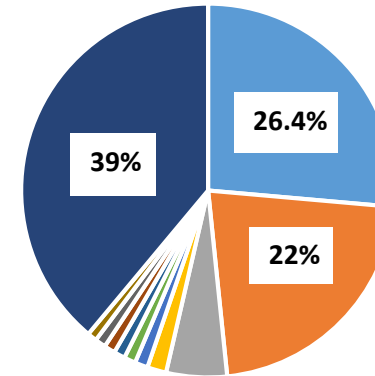
- \$ 443,860 is levied upon Operating Company Mineral Values (65%)
- \$ 109,738 is levied upon Royalty Owner Mineral Values (16%)
- \$ 102,429 is levied upon agricultural, commercial, and residential Real Property and Improvements, and Personal Property (15%)
- \$ 841,407 is the tax ceiling levied upon \$293,746,433 of property owned by persons with the Frozen Homestead exemption (4% of tax base). This translates to an equivalent tax rate of .28644 per \$100 of appraised value



2022 Top 10 Mineral Owners

Mineral Owner	2021 Value
Burlington/ConocoPhillips	\$ 1,518,834,600
Devon Energy Production Co. LP	\$ 1,263,614,380
Ensign Operating, LLC	\$ 300,232,480
Repsol Oil & Gas USA, LLC	\$ 94,702,210
EOG Resources, Inc.	\$ 64,814,280
Silverbow Resources Operating	\$ 57,651,960
Kinder Morgan Crude LLC	\$ 55,850,310
Verdun Oil & Gas LLC	\$ 55,285,950
EFS Midstream LLC	\$ 53,683,260
Magnolia Oil & Gas Operating	\$ 46,968,700
All Other WI & RI	\$ 2,239,687,110
Total of Mineral/Industrial	\$ 5,753,325,240

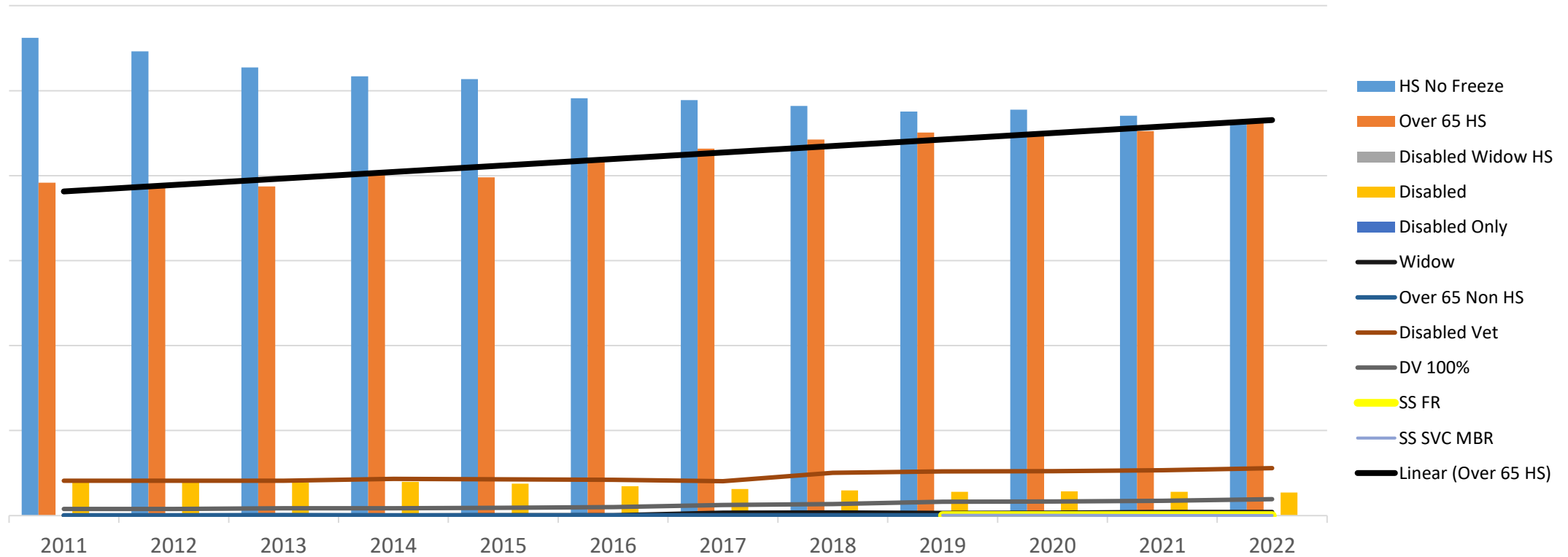
Total Mineral Values = \$ 5,753,325,240



- Burlington/ConocoPhillips
- Devon Energy Production Co. LP
- Ensign Operating, LLC
- Repsol Oil & Gas USA, LLC
- EOG Resources, Inc.
- Silverbow Resources Oper., LLC
- Kinder Morgan Crude LLC
- Verdun Oil & Gas LLC
- EFS Midstream, LLC
- Magnolia Oil & Gas Operating
- All Other WI & RI

55 percent of homesteads qualify for a “Tax Freeze” in 2022

A tax rate of .28644 yields the same tax revenue as does the tax ceiling of \$841,407 on \$293,746,433 of 2,847 homesteads qualifying for a ‘tax freeze’



2022 Adopted Tax Rate

Impact on Tax

Countywide Average of Homestead Category:	2021 Taxable Value	2022 Taxable Value	Dollar Change	Percent Change	2021 County Tax Levy .46937 per \$100 value	2022 County Tax Levy .42243 per \$100 value	County Tax Difference
Single Family Residence *A	\$ 86,051	\$ 94,669	\$ 8,618	+ 10 %	\$ 403.90	\$ 399.91	- \$ 3.99
Single Family Residence *A plus Land *E	\$ 109,332	\$ 118,676	\$ 9,344	+ 8.5%	\$ 513.17	\$ 501.32	- \$ 11.85
EXAMPLES WITH NO CHANGE IN APPRAISED VALUE:							
Single Family Residence *A	\$ 86,051	\$ 86,051	\$ -0-	- 0 -	\$ 403.90	\$ 363.50	- \$ 40.39
Single Family Residence *A Plus Land *E	\$ 109,332	\$ 109,332	\$ -0-	- 0 -	\$ 513.17	\$ 461.85	- \$ 51.32