

Fiscal Year 2024 De Witt County Budget

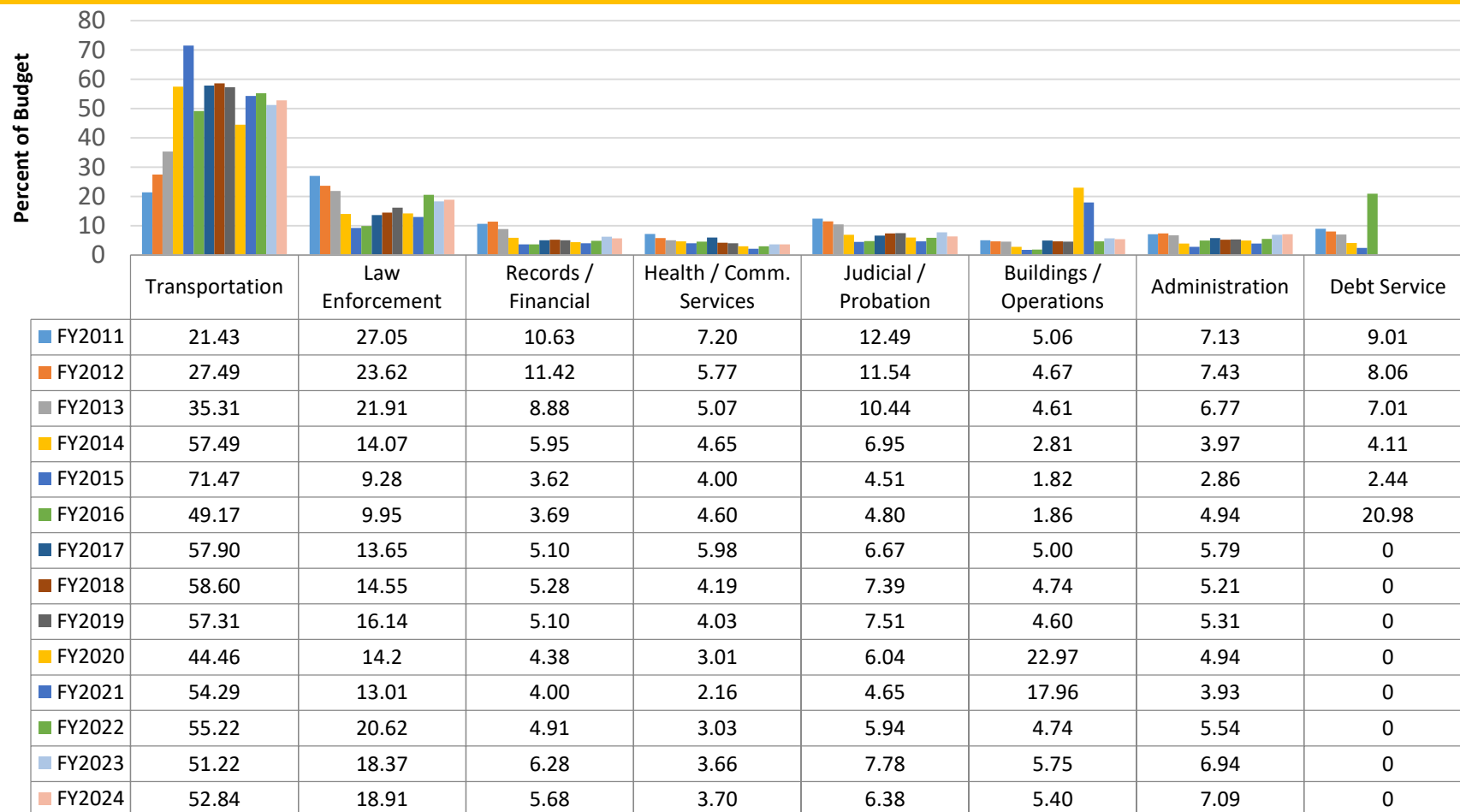
Chief Budget Officer: Hon. Daryl L. Fowler, County Judge
County Auditor: Carrie Rea

FY2024 Budget Policies

- 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.)
- Execute an Advance Funding Agreement with TXDOT to facilitate the extension of FM240 in Westhoff that re-routes semi-truck traffic away from the public school.
- Hire grant writers to assist with the utilization of the \$1,337,000 Texas General Land Office MIT- MOD Grant
- Hire architects to consider the need for a Western Division Law Enforcement Annex.
- Continue work toward the preservation of the Bates-Sheppard Home (site of the DeWitt County Historical Museum).
- 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; revise the employee compensation plan to recruit high quality employees, incentivize job performance and effectiveness, and promote longevity in the workplace.
- Downsize the district attorney's office staff for disciplinary reasons; add one Agri-Life Extension Agent to assist with a growing 4H program; provide funding and office space for a Veteran's Service Officer.
- 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

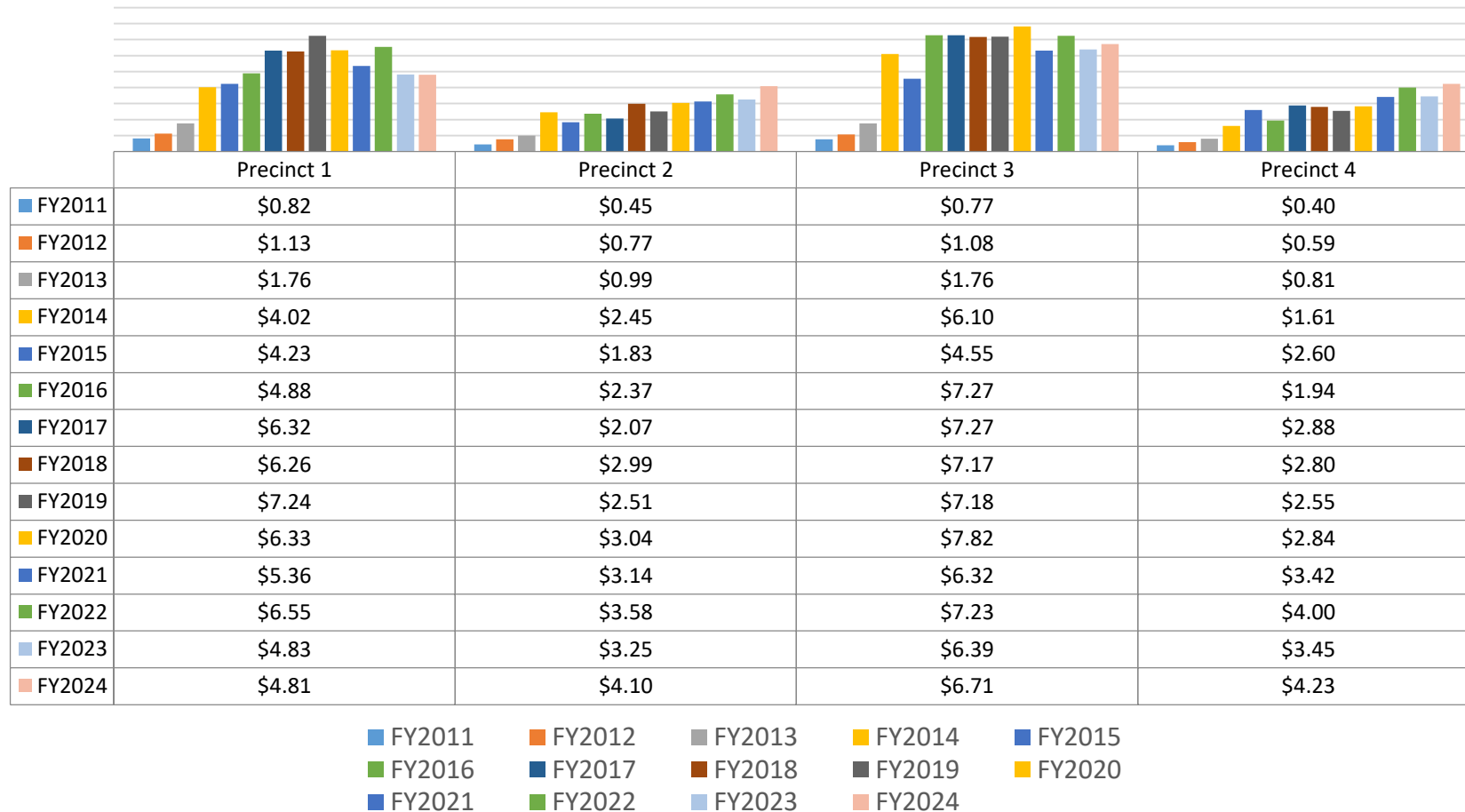
\$37,690,858 Budgeted for FY2024



Eagle Ford Shale Era

Road and Bridge budgets by Commissioner Precinct

Expressed in Millions



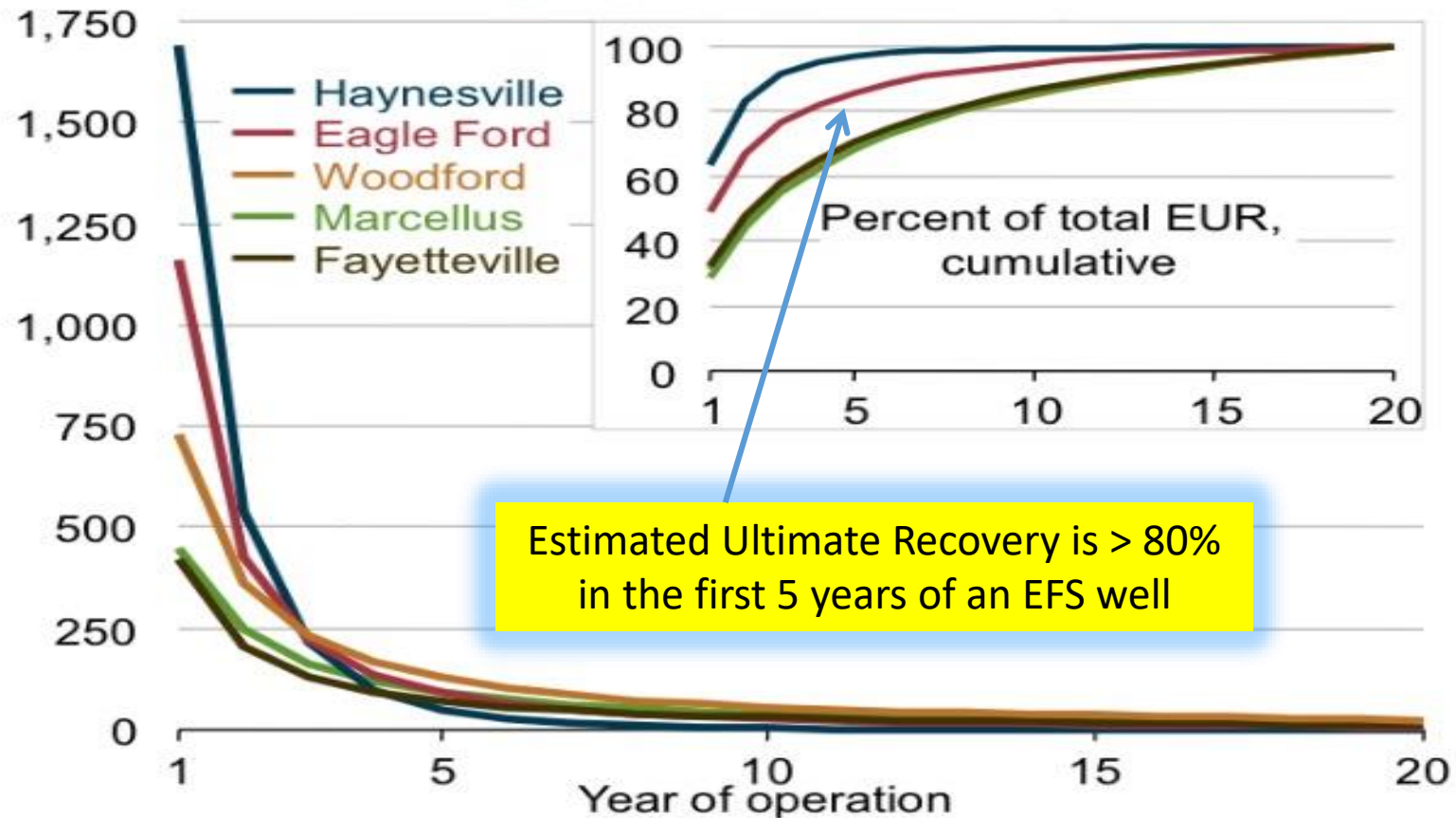
FY2024 Tax Policy

- 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 (86-R) to stabilize (otherwise volatile) tax rates in energy-producing counties.
- The adopted tax rate provides a 7.49 percent tax rate reduction on all taxable property in the county and is intended to offset the average appraisal increase on homestead in 2023.
- The adopted tax rate avoids an unwarranted multi-million dollar abatement to oil companies while drilling and completion activities wreak havoc on the county road system.
- **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:** Yoakum ISD taxes are collected by DeWitt County and are 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:

$$\begin{aligned} \text{UNUSED INCREMENT RATE} = & (\text{YEAR 1 VOTER-APPROVAL TAX RATE} - \text{YEAR 1 ACTUAL TAX RATE}) \\ & + (\text{YEAR 2 VOTER-APPROVAL TAX RATE} - \text{YEAR 2 ACTUAL TAX RATE}) + (\text{YEAR 3 VOTER-APPROVAL TAX RATE} - \text{YEAR 3} \\ & \text{ACTUAL TAX RATE}) \end{aligned}$$

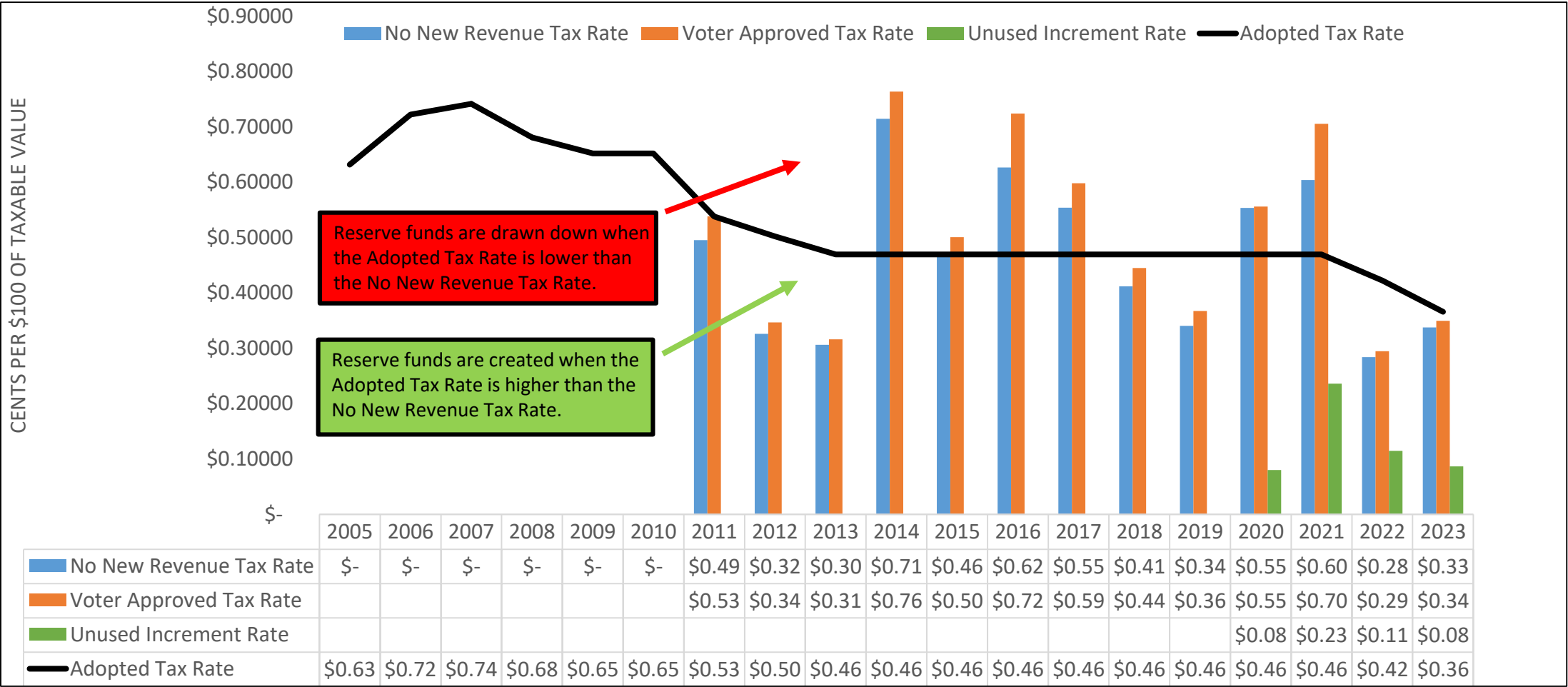
(c) Notwithstanding Subsection (b)(2), for each tax year before the 2020 tax year, the difference between the taxing unit's voter-approval tax rate and actual tax rate is considered to be zero. This subsection expires December 31, 2022.

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

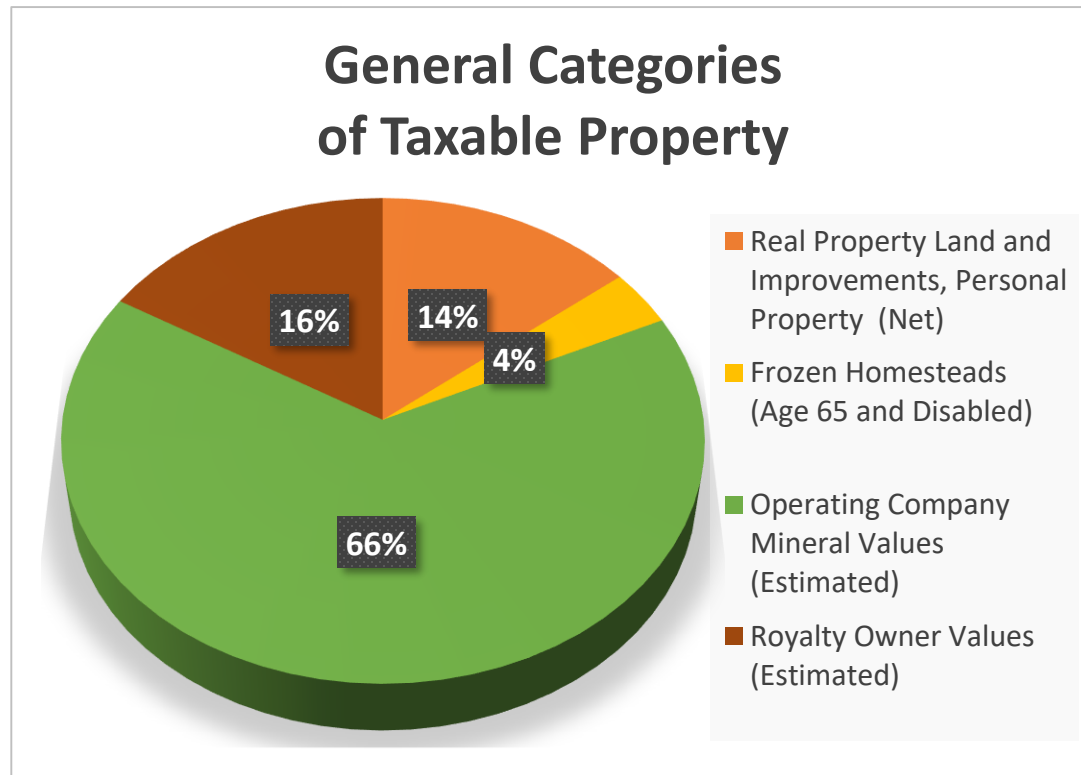
* The Unused Increment Rate is a tax rate component authorized by Senate Bill 2 (86-R).

Increments are created when the Adopted Rate is less than the Voter-Approved Tax Rate and can be used in succeeding tax years to lessen tax rate volatility.

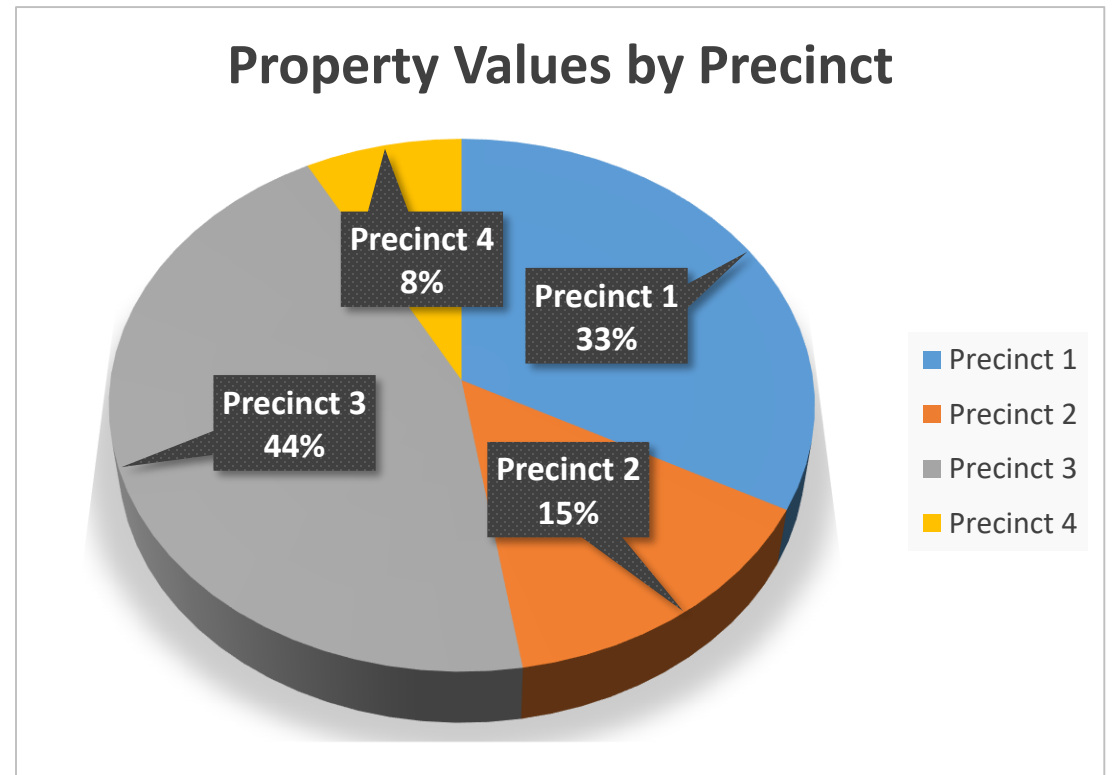


2023 Certified Appraised Values increased by \$1.968 billion (+26.7%)
Real Property and Improvements + 16.95%
Mineral Values + 26.8%

\$ 8,892,659,824 Net Taxable Value



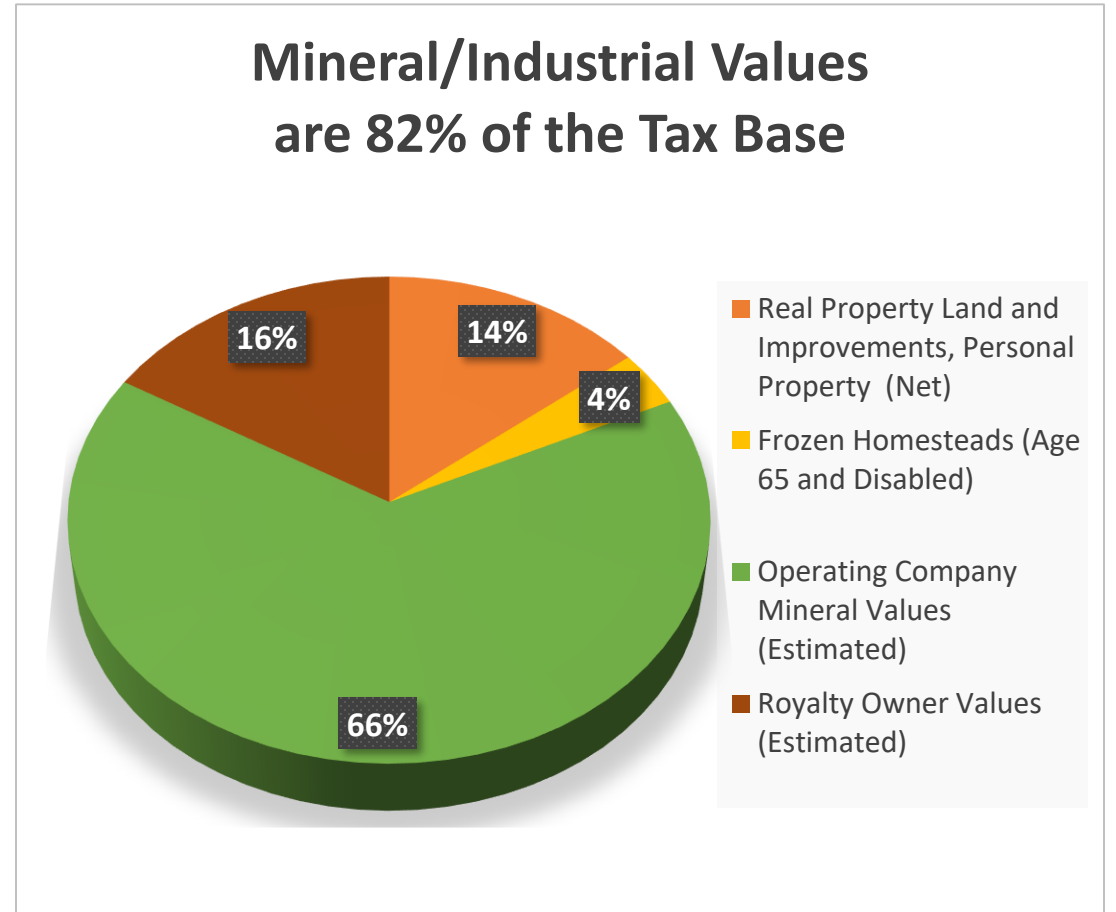
\$ 8,878,490,714 Net Taxable Value



Tax Levy by Category of Taxpayer

(each penny of tax rate produces \$856,248 of tax revenue)

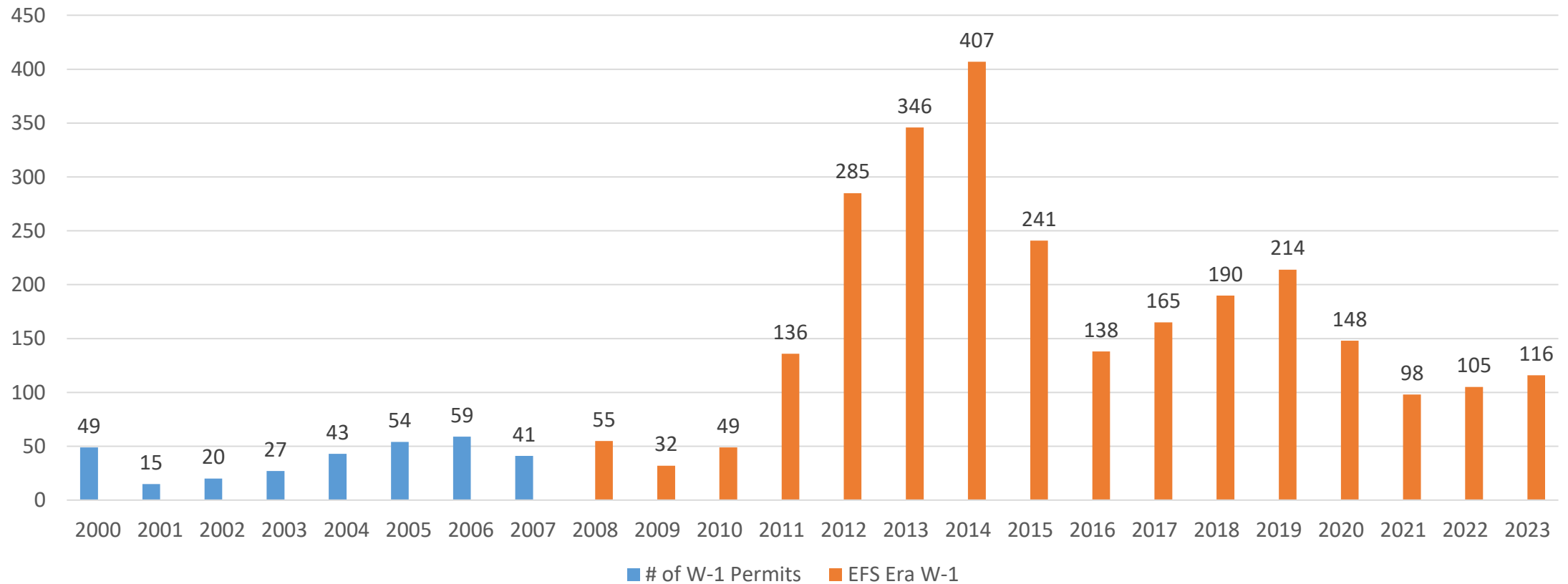
- \$ 561,699 is levied upon Operating Company Mineral Values (65.6%)
- \$ 140,425 is levied upon Royalty Owner Mineral Values (16.4%)
- \$ 122,443 is levied upon agricultural, commercial, and residential Real Property and Improvements, and Personal Property (14.3%)
- \$ 877,815 is the tax ceiling levied upon \$330,182,003 of property owned by persons with the Frozen Homestead exemption (3.7% of tax base). This translates to an equivalent tax rate of .26585 per \$100 of appraised value



New Oil & Gas Well W-1 Drilling Permit Applications

*2,725 issued in the Eagle Ford Shale Era (January 2008 - December 2023)

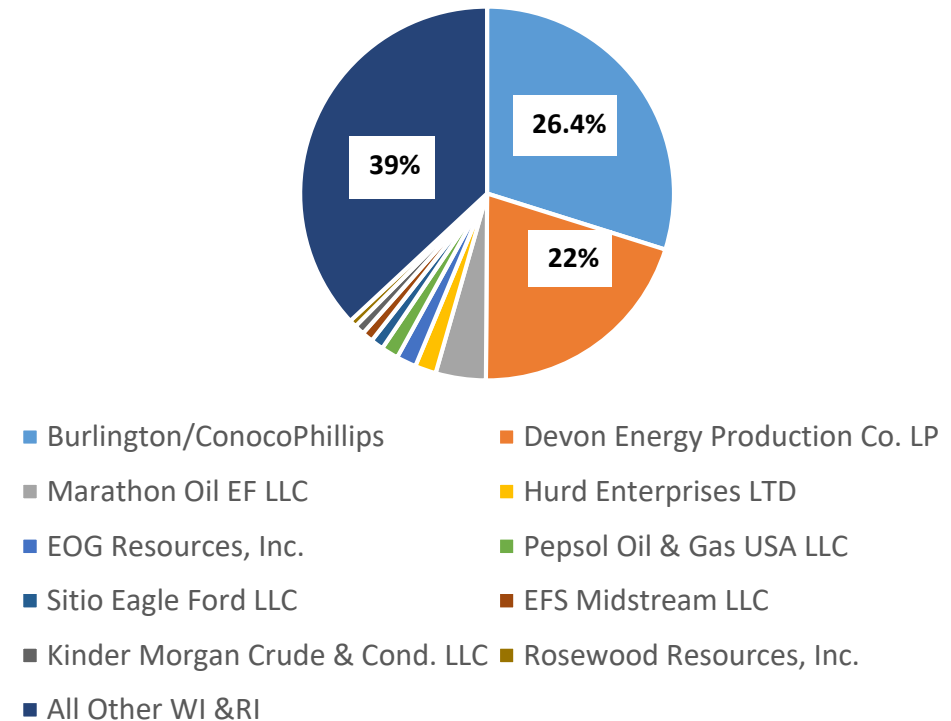
All RRC W-1 Permits issued for drilling in DeWitt County total 4,157



2023 Top 10 Mineral/Industrial Taxpayers

Mineral/Industrial Taxpayer	2023 Value
Burlington/ConocoPhillips	\$ 2,204,380,620
Devon Energy Production Co. LP	\$ 1,495,528,700
Marathon Oil EF LLC	\$ 320,618,340
Hurd Enterprises, LTD	\$ 135,172,790
EOG Resources, Inc.	\$ 126,964,630
Repsol Oil & Gas USA, LLC	\$ 109,860,150
Sitio Eagle Ford, LLC	\$ 81,848,350
EFS Midstream, LLC	\$ 71,611,670
Kinder Morgan Crude, LLC	\$ 64,648,640
Rosewood Resources, Inc.	\$ 62,032,440
All Other WI & Royalty Interests	\$ 2,727,541,750
Total of Mineral/Industrial	\$ 7,385,144,340

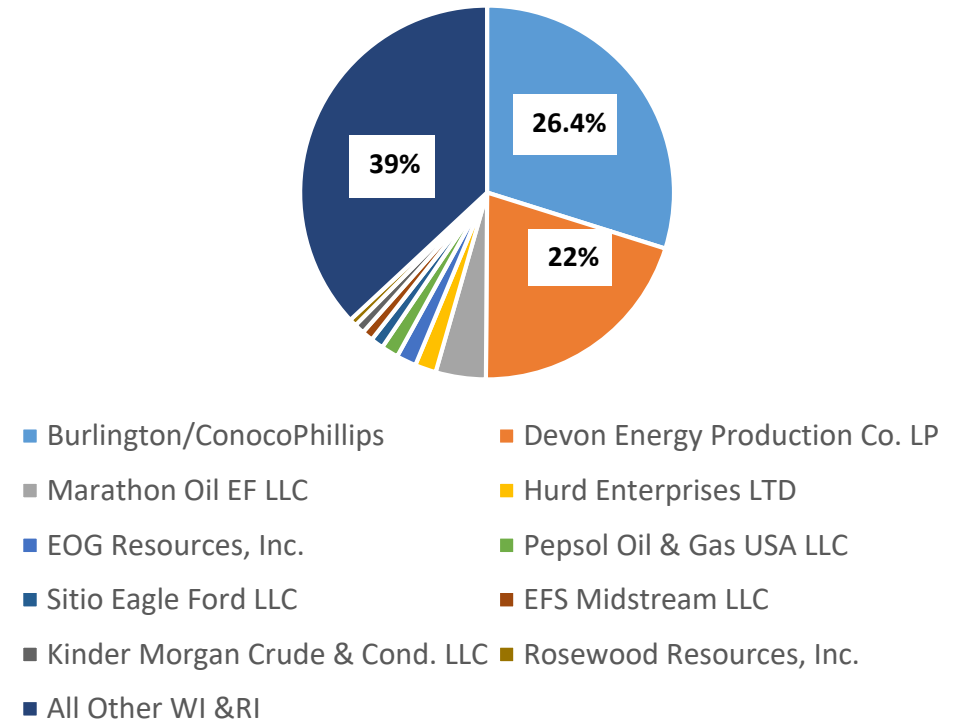
Total Mineral Values = \$ 7,385,144,340



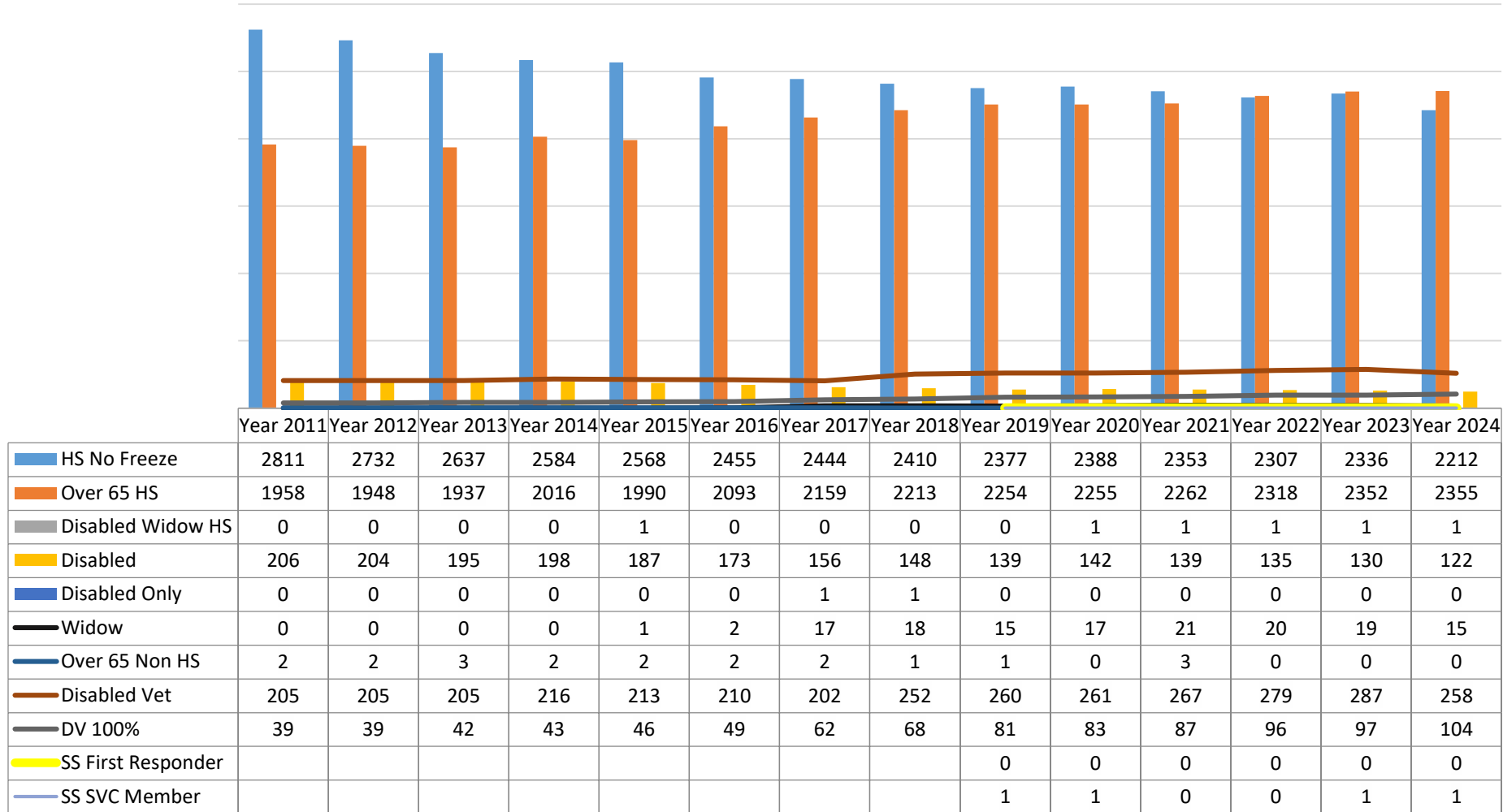
2023 Top 10 Mineral Units

Mineral/Industrial Unit	2023 Value
Ruckman Ranch Unit	\$ 118,500,100
Seifert A W#2H, 6H-8H	\$ 100,973,880
Korth Vickers Unit A	\$ 71,124,030
Butler A304-C USW C	\$ 69,788,280
Brys – Butler A-C USW	\$ 65,342,240
Butler A304-C USW A	\$ 60,213,580
Hamilton B – Hooks 3 U	\$ 59,207,790
Butler A304-C USW B	\$ 59,188,240
J Smith Unit A	\$ 54,117,560
Hyatt A W#1H-4H; 6H-1	\$ 53,741,830
Total of Top 10 Mineral Units	\$ 712,197,530
Total of Mineral/Industrial	\$ 7,385,144,340

Total Mineral Values = \$ 7,385,144,340



2,856 Frozen Homesteads on County Tax Roll
 Taxable Value \$371,083,083; Tax Ceiling of \$899,754.57
 Equivalent Tax Rate of .24246/\$100



2024 Proposed Tax Rate = .36601

Impact on Taxable Homestead Value 2023 to 2024

Countywide Average of Homesteads By Type:	2023 Taxable Value	2024 Taxable Value	Dollar Change in Appraised Value	Percent Change in Appraised Value	2023 County Tax Levy .36601 per \$100 value	2024 County Tax Levy .36601 per \$100 value	2024 Tax Bill Difference (\$)
Single Family Residence *A	\$ 108,421	\$ 129,873	\$ 21,452	+ 19.78%	\$ 396.83	\$ 475.35	+ \$ 78.52
Single Family Residence *A plus Land *E	\$ 118,676	\$ 166,274	\$ 47,598	+ 40.10%	\$ 501.32	\$ 608.58	+ \$ 107.26
		ASSUMPTION: NO CHANGE IN TAXABLE VALUE					ASSUMPTION: NO CHANGE OF TAX RATE
Single Family Residence *A	\$ 108,421	\$ 108,421	\$ - 0 -	- 0 -	\$ 396.83	\$ 396.83	\$ 0.00
Single Family Residence *A Plus Land *E	\$ 118,676	\$ 118,676	\$ - 0 -	- 0 -	\$ 501.32	\$ 501.32	\$ 0.00