

De Witt County

Adopted Budget Fiscal Year 2025

Prepared By:

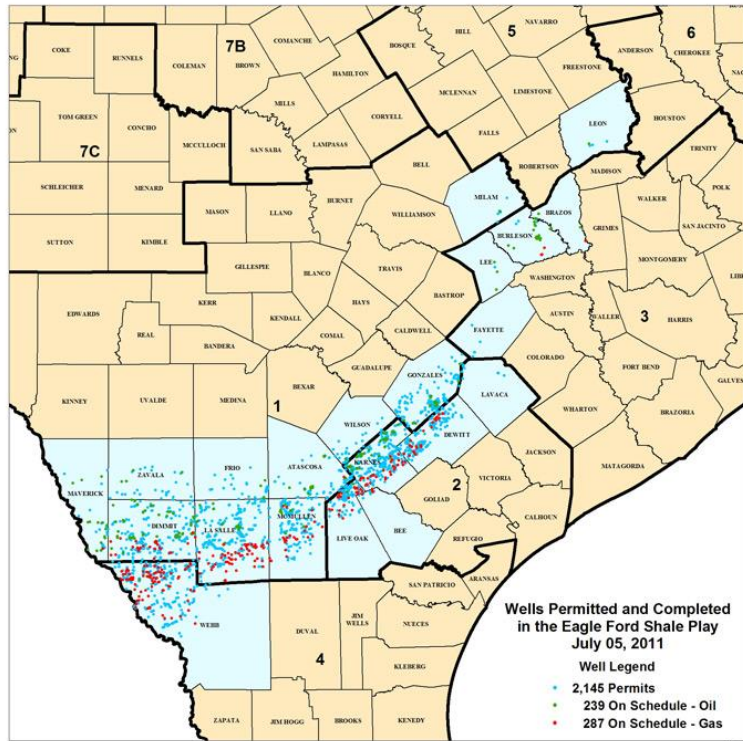
Daryl L. Fowler, County Judge

Neomi Williams, County Auditor

Eagle Ford Shale: The Game Changer

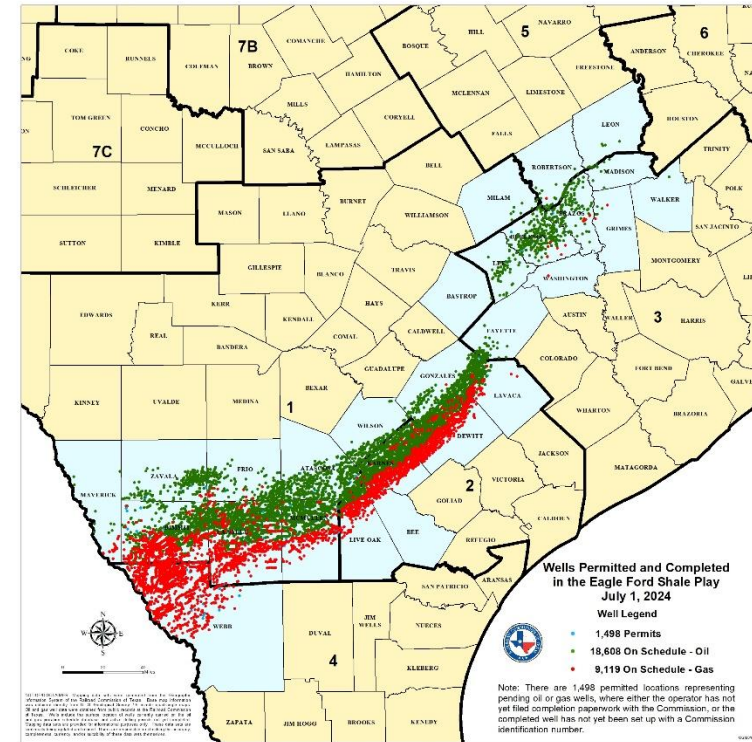
In the beginning...

Taxable Property Value = \$946,447,889



Thirteen years later...

Taxable Property Value = \$9,629,978,928



FY2024 Budget Policies

- Adopt a deficit budget that provides constitutionally-mandated and statutory constituent services at current levels, maintains county facilities, and covers the cost increases due to inflation of fuel, equipment, wages, and other operating costs.
- Appropriate \$23.7 million 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.
- Fulfill an Advance Funding Agreement with TXDOT that completes the extension of FM240 in Westhoff for re-routing of semi-truck traffic away from the public school.
- Utilize the \$1,337,000 Texas General Land Office MIT- MOD Grant for flood mitigation projects in the county.
- Utilize SB22 grants in support of sheriff's office and prosecutor's office staffing needs, hourly wage increases, and purchases of upgraded equipment.
- Acquire land and hire an architect for construction planning of a Western Division Judicial Annex, a satellite Emergency Operation Center, and Law Enforcement use.
- Continue work on the preservation of the Bates-Sheppard Home (site of the DeWitt County Historical Museum).
- Support economic development and 4-H Youth countywide by offsetting some of the operating costs of the Anne Friar-Thomas Homemaking Building.
- Efficiently staff county offices with cross-trained personnel to reflect growing needs related to providing high levels of constituent service.
- A three (3) percent COLA is applied to the employment category wage scale adopted by Commissioners Court in 2023 and to elected official's salaries; revise the county's defined benefit plan to promote increased longevity of valuable employees and well-trained staff.
- Transition the Veteran's Service Officer to a fulltime employment position. Add staff to Election Administrator and HD departments.
- 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.
- Avoid issuing debt financed by the unpredictable mineral component of the tax base.

County Road conditions in the Eagle Ford Shale Era

2011

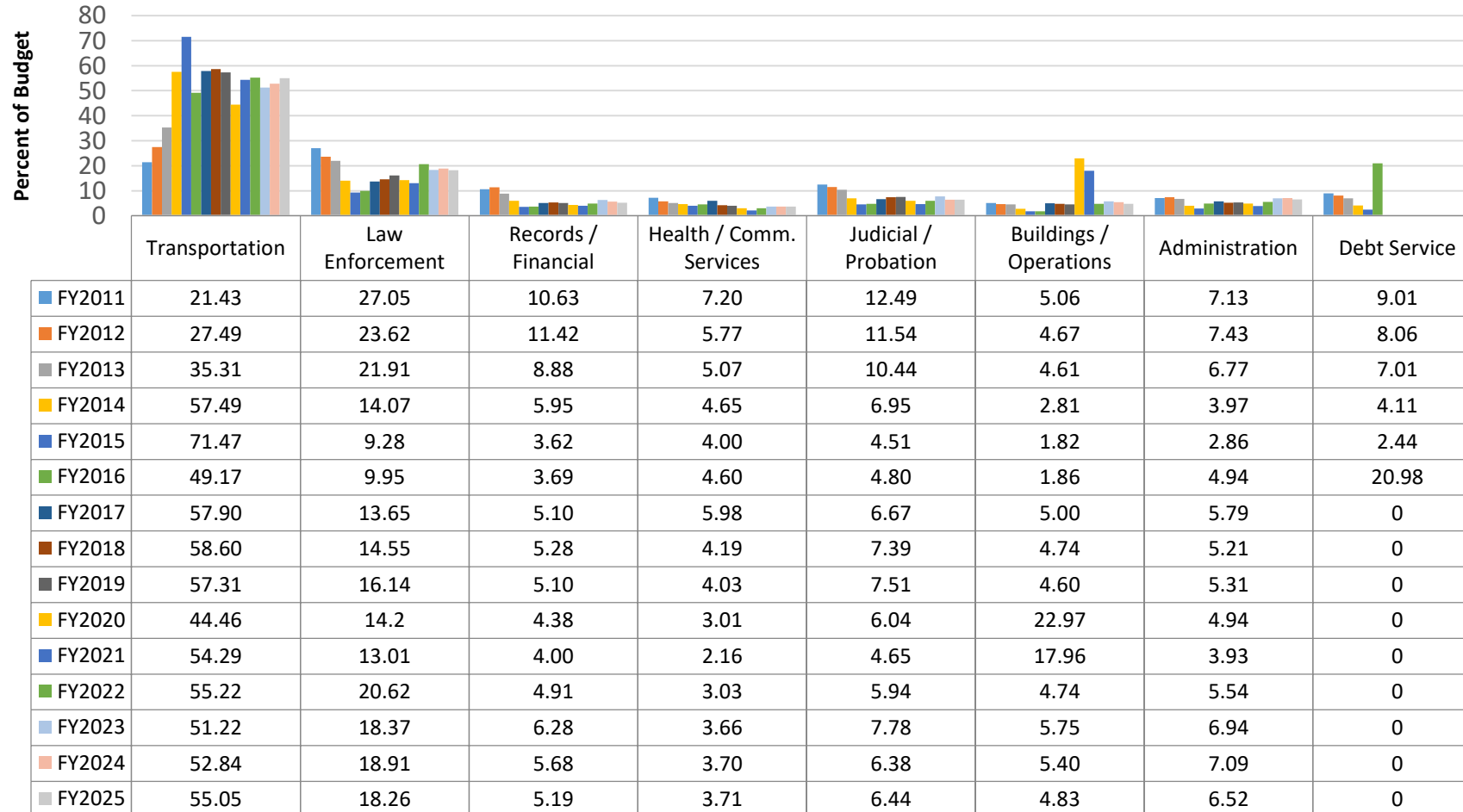


2024



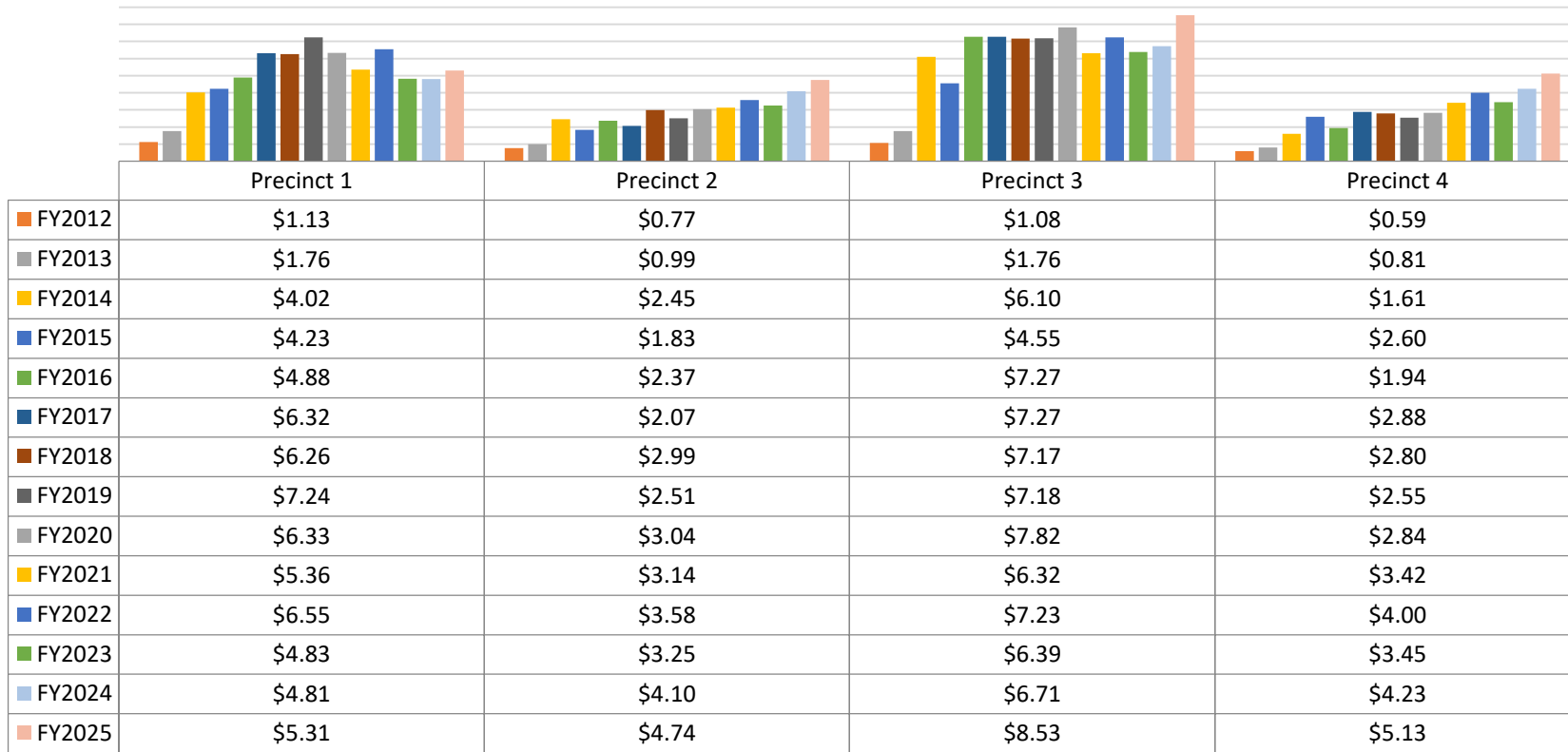
Appropriation by General Category of Expenditure

\$43,057,555 budgeted for FY2025



Commissioner Precinct Road and Bridge budgets during the Eagle Ford Shale Era

Expressed in Millions



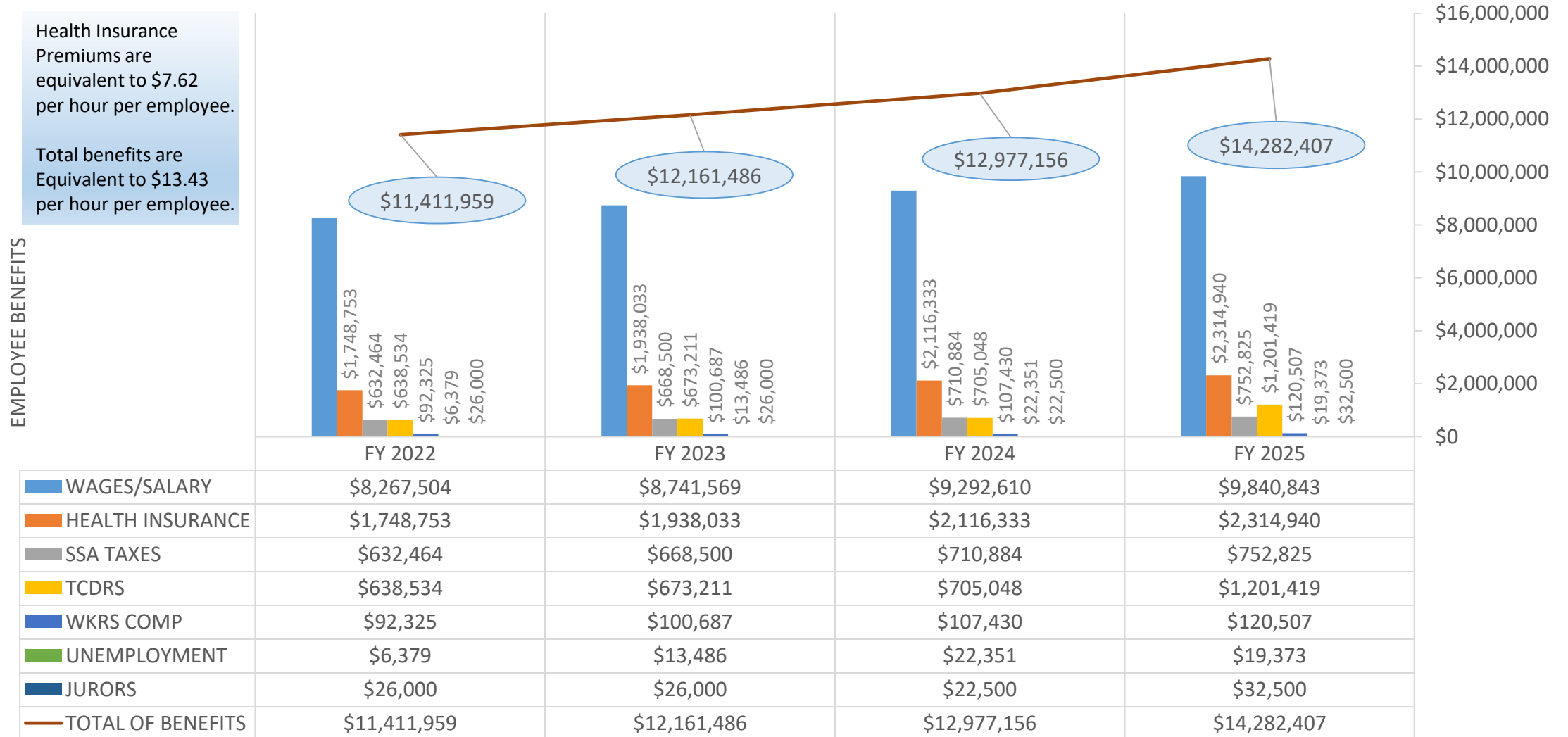
■ FY2012 ■ FY2013 ■ FY2014 ■ FY2015 ■ FY2016
■ FY2017 ■ FY2018 ■ FY2019 ■ FY2020 ■ FY2021
■ FY2022 ■ FY2023 ■ FY2024 ■ FY2025

Payroll Expenses for 158 employees budgeted for FY 2025

Employment costs have increased at 5.14 percent annually since FY2011. Prior to the Eagle Ford Shale Era the county employed 110 fulltime employees who enrolled in the health insurance benefit plan.

Health Insurance Premiums are equivalent to \$7.62 per hour per employee.

Total benefits are Equivalent to \$13.43 per hour per employee.



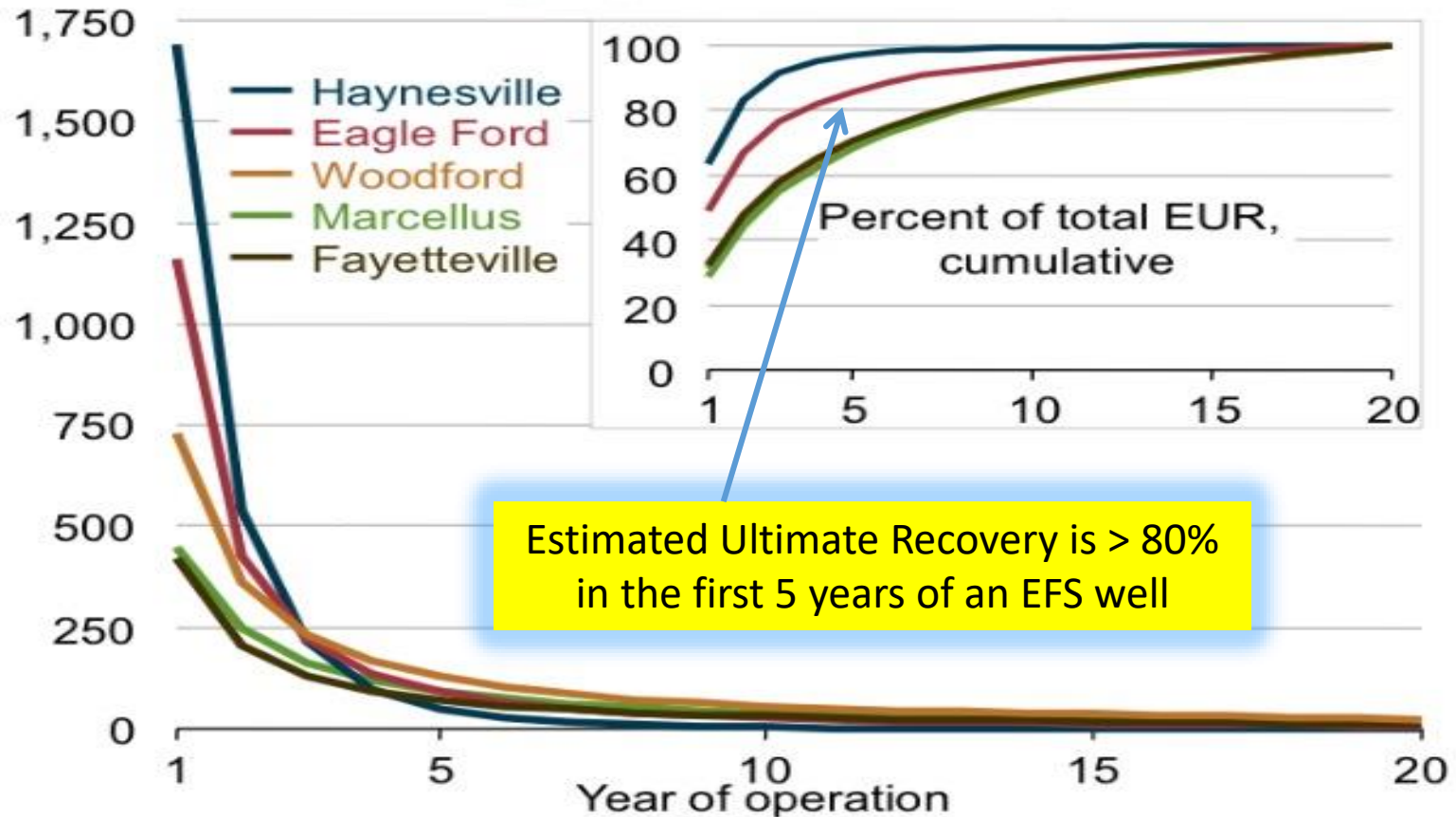
FY2024 Tax Policy

- 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.
- The adopted rate is above the No New Revenue tax rate and utilizes an Unused Increment 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.
- **Note about property appraisals:** 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 budgeting process 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, 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)



Property Tax Code Chapter 26

(Section 26.013 was added by Senate Bill 2 in 2019 and was later amended by SB2350 effective June 18, 2023 and also by SB1999 effective January 1, 2024.)

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.

(1-a) "Foregone revenue amount" means the greater of:

(A) zero; or

(B) the amount expressed in dollars calculated according to the following formula:

FOREGONE REVENUE AMOUNT = (VOTER-APPROVAL TAX RATE - ACTUAL TAX RATE) x PRECEDING TOTAL VALUE

(1-b) "Preceding total value" means a taxing unit's current total value 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, as adopted by the taxing unit during 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:

UNUSED INCREMENT RATE = (YEAR 1 FOREGONE REVENUE AMOUNT + YEAR 2 FOREGONE REVENUE AMOUNT + YEAR 3 FOREGONE REVENUE AMOUNT) / CURRENT TOTAL VALUE

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

Amended by:

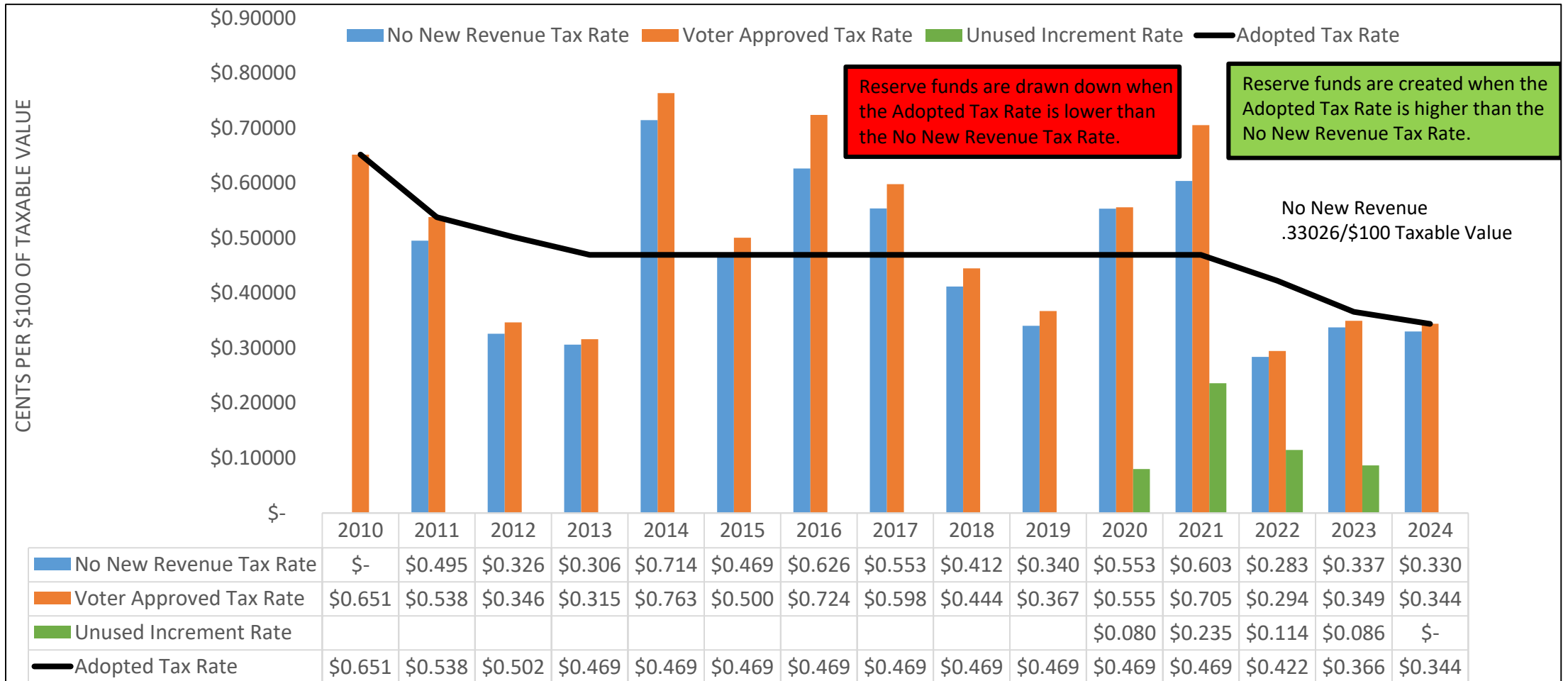
Acts 2023, 88th Leg., R.S., Ch. 928 (S.B. [2350](#)), Sec. 1, eff. June 18, 2023.

Acts 2023, 88th Leg., R.S., Ch. 1168 (S.B. [1999](#)), Sec. 1, eff. January 1, 2024.

Acts 2023, 88th Leg., R.S., Ch. 1168 (S.B. [1999](#)), Sec. 2, eff. January 1, 2024.

Historical Tax Rate Calculations and Adopted Rates: Scenario *A

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. The law changed on January 1, 2024 and

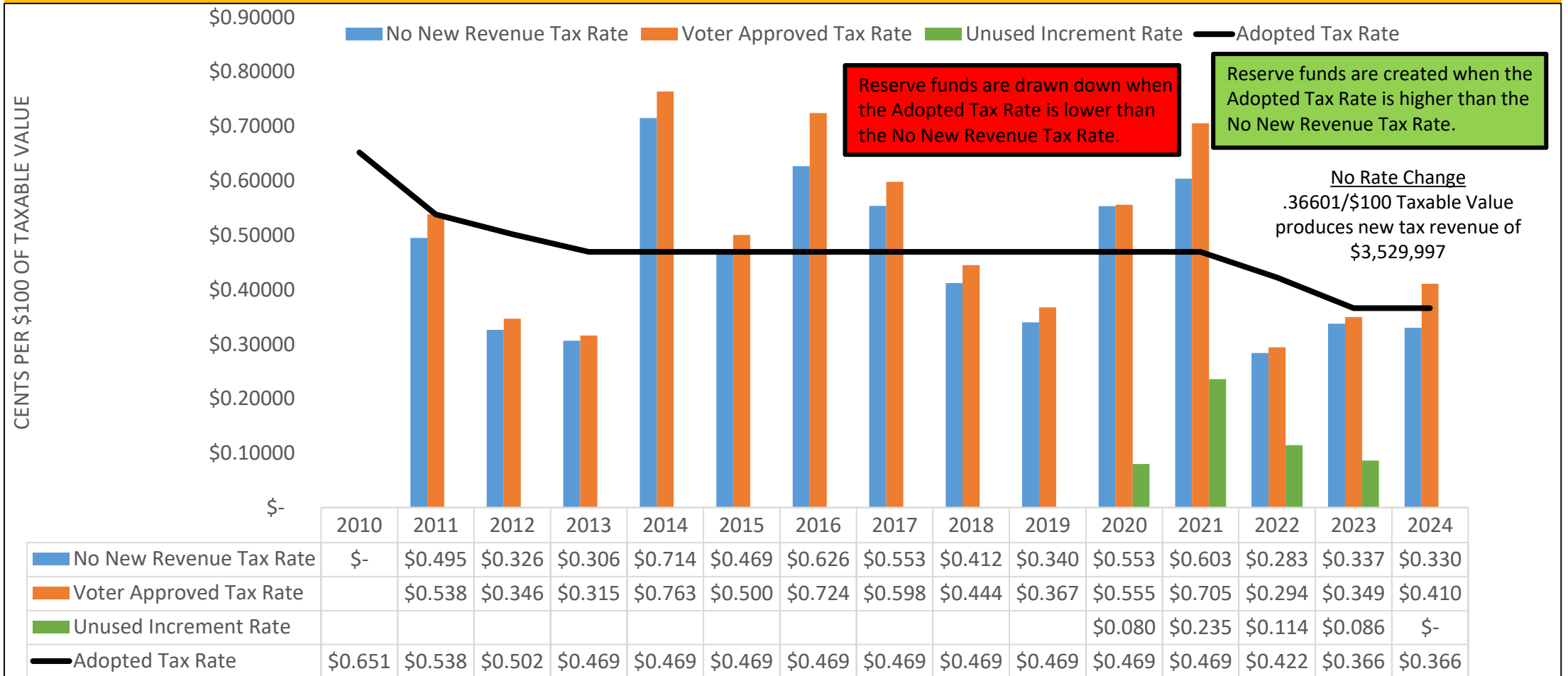


This tax rate produces no new revenue from new additions to the tax base; therefore abating up to \$1,084,378 to Royalty owners and \$4,879,670 to Oil & Gas Operating companies.

Historical Tax Rate Calculations and Adopted Rates: Scenario*B

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

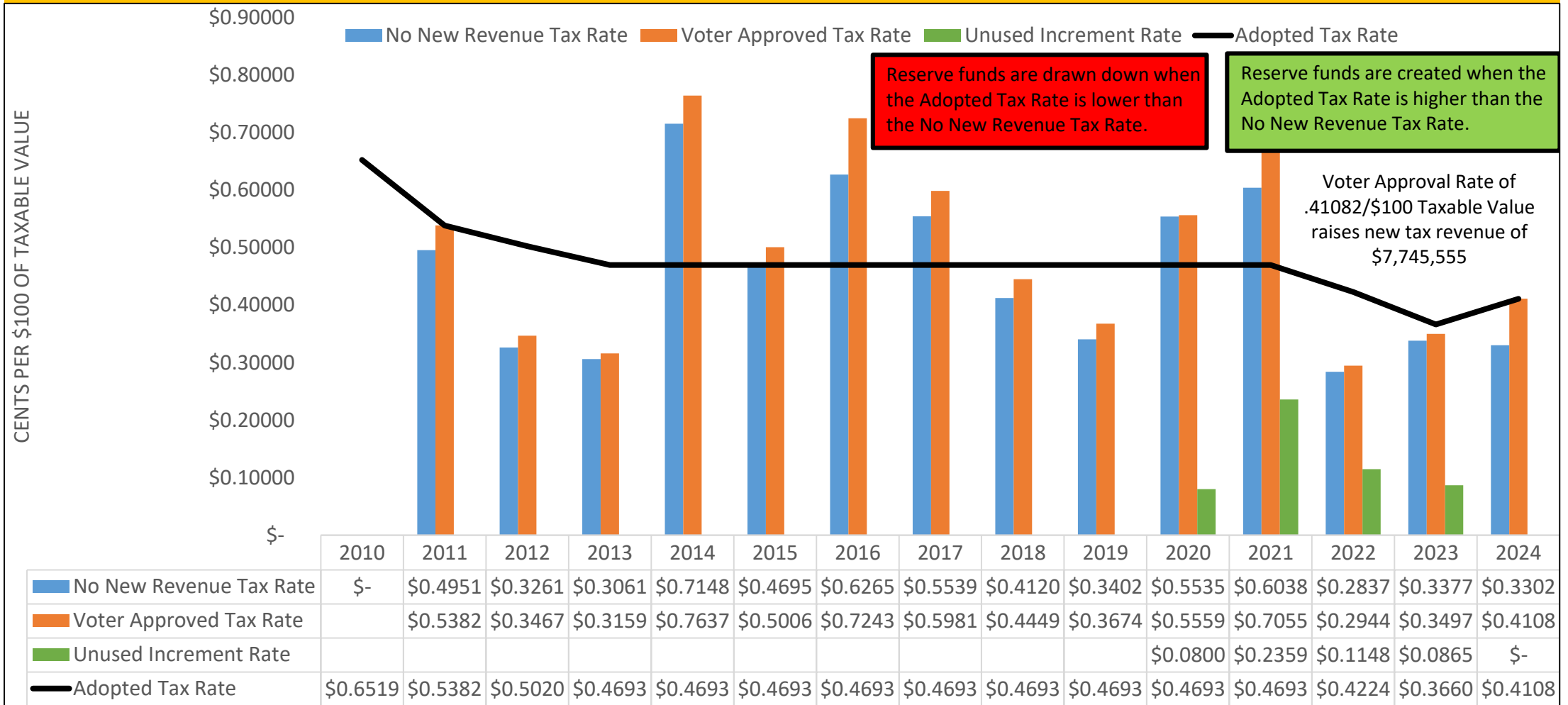
Increments are created when the Adopted Rate is less than the Voter-Approved Tax Rate and can be used in succeeding tax years to lessen tax rate volatility. Unused Increments lapse and expire in 2024 due to legislative changes effective September 1, 2023.



This tax rate levies an additional \$494,200 on royalty owners, \$2,223,898 on Oil and Gas operating companies; and \$564,799 on Real Property owners.

Historical Tax Rate Calculations and Adopted Rates: Scenario *C

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. Unused Increments lapse and expire in 2024 due to legislative changes effective September 1, 2023.

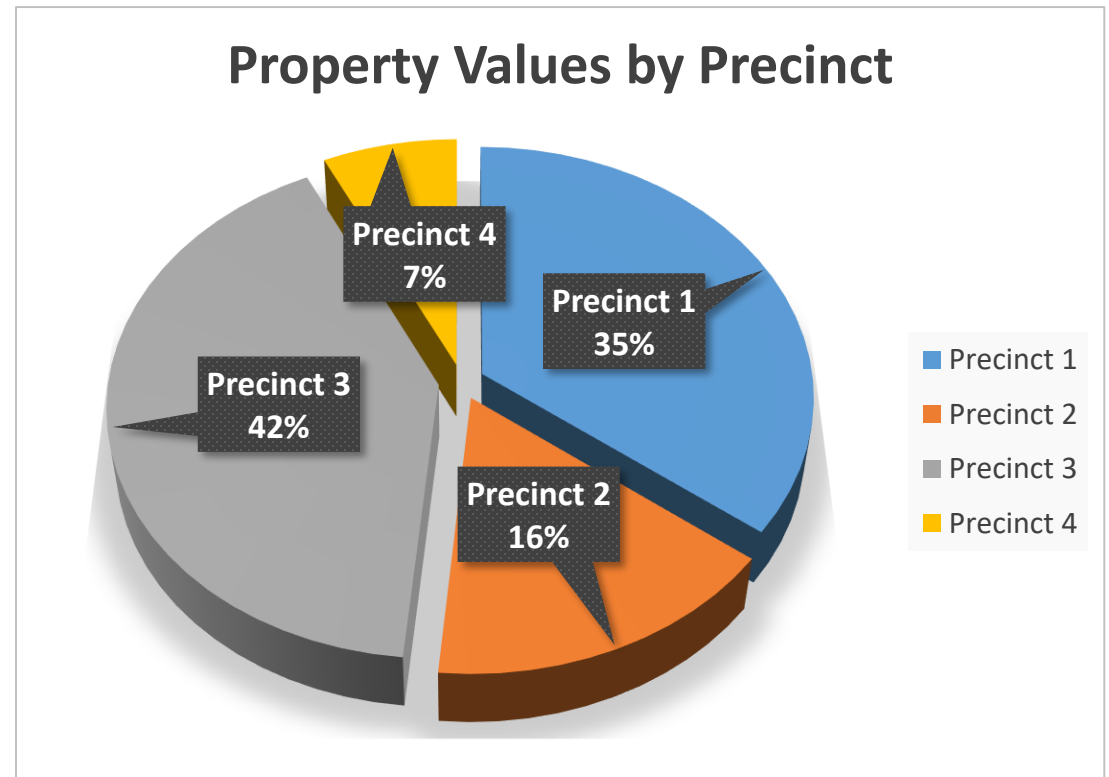
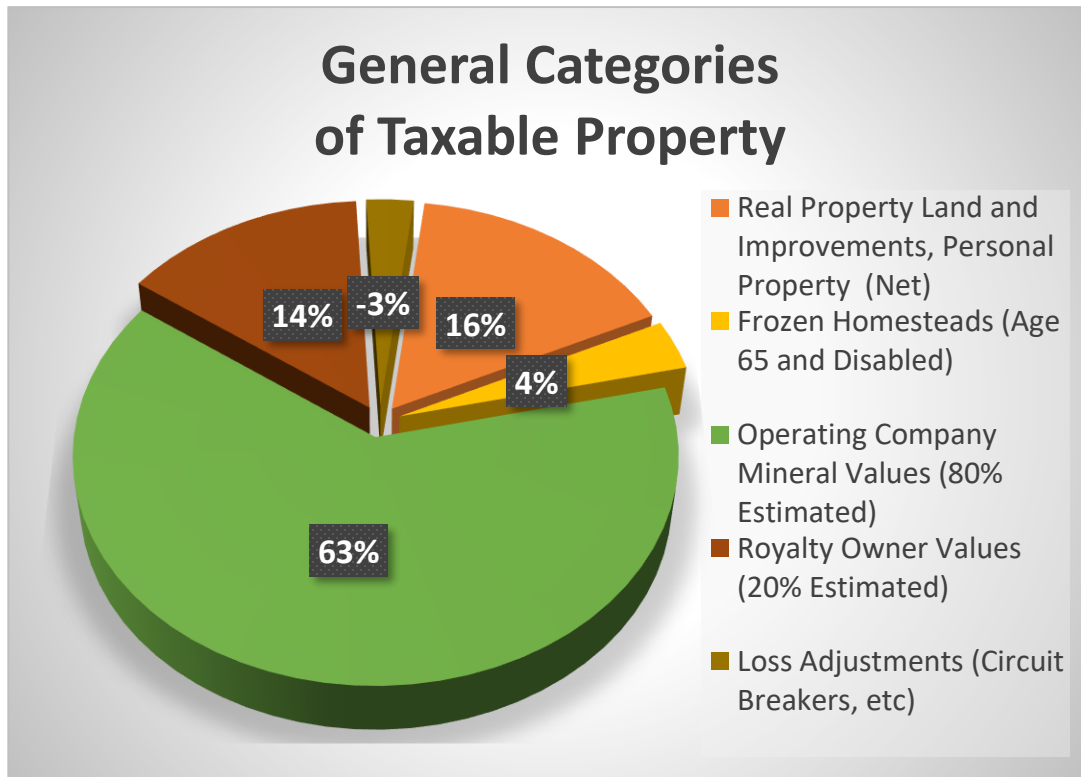


This tax rate would yield a maximum levy of \$1,084,377 on royalty owners, \$4,879,700 on oil and gas operating companies, and \$1,239,288 on real property owners.

2024 Certified Appraised Values increased by net \$1,095,346,194 over 2023 values

\$ 9,988,006,018 Net Taxable Value

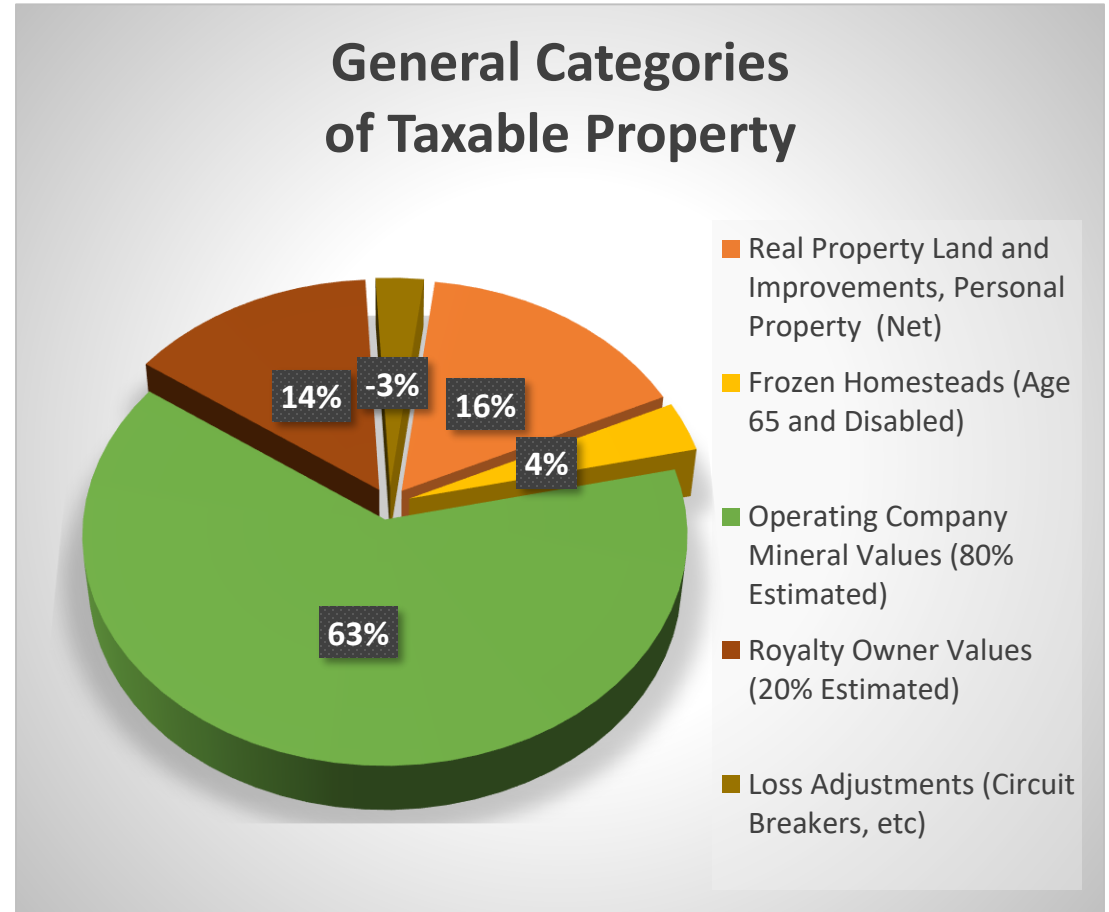
\$ 9,988,006,018 Net Taxable Value



2024 Tax Levy by Category of Taxpayer

\$77 of every \$100 of tax levy is produced from mineral account owners
(each penny of tax rate produces \$ 961,897 of tax freeze adjusted revenue)

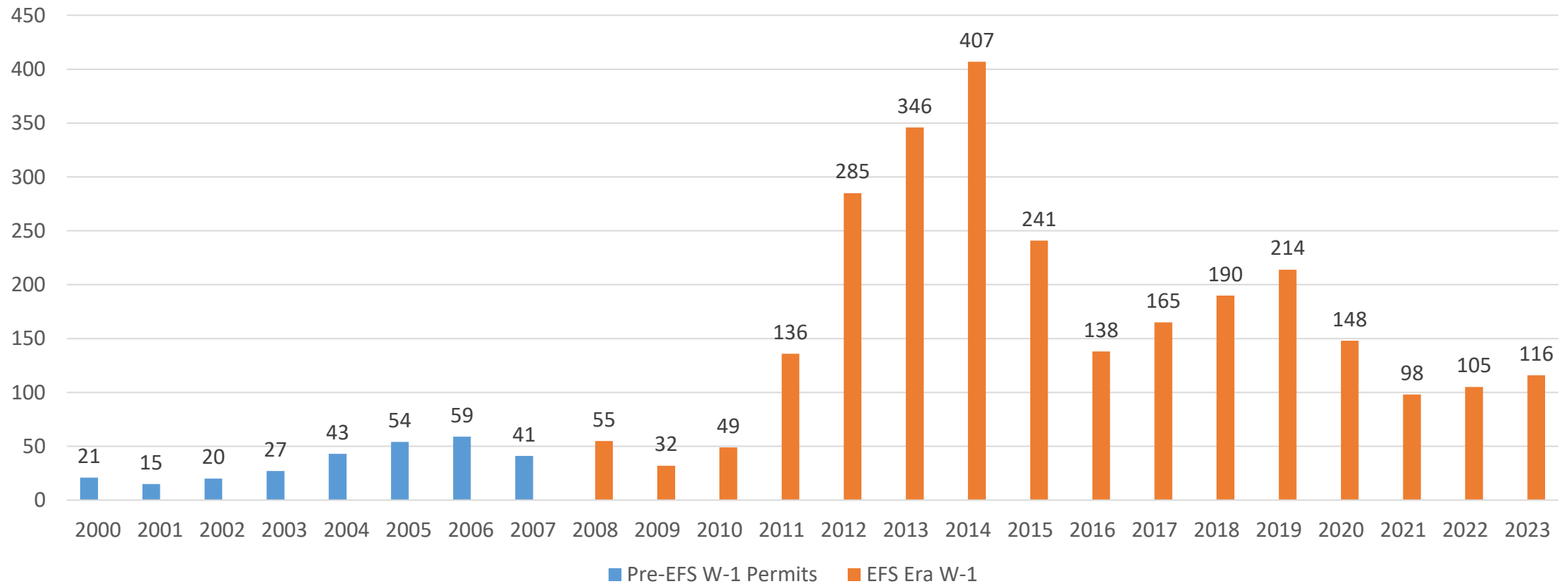
- \$ 605,995 is levied upon Operating Company Mineral Values (63%)
- \$ 134,655 is levied upon Royalty Owner Mineral Values (14%)
- \$ 153,903 is levied upon agricultural, commercial, residential Real Property and Improvements, and Personal Property (16%)
- \$67,350 is foregone levy due to Circuit Breaker Law limitations
- \$1,096,550 is the tax ceiling levied upon \$371,083,083 of property owned by persons with the Frozen Homestead exemption (4% of tax base). This translates to an equivalent tax rate of .29550 per \$100 of appraised value



New Oil & Gas W-1 Drilling Permit Applications

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

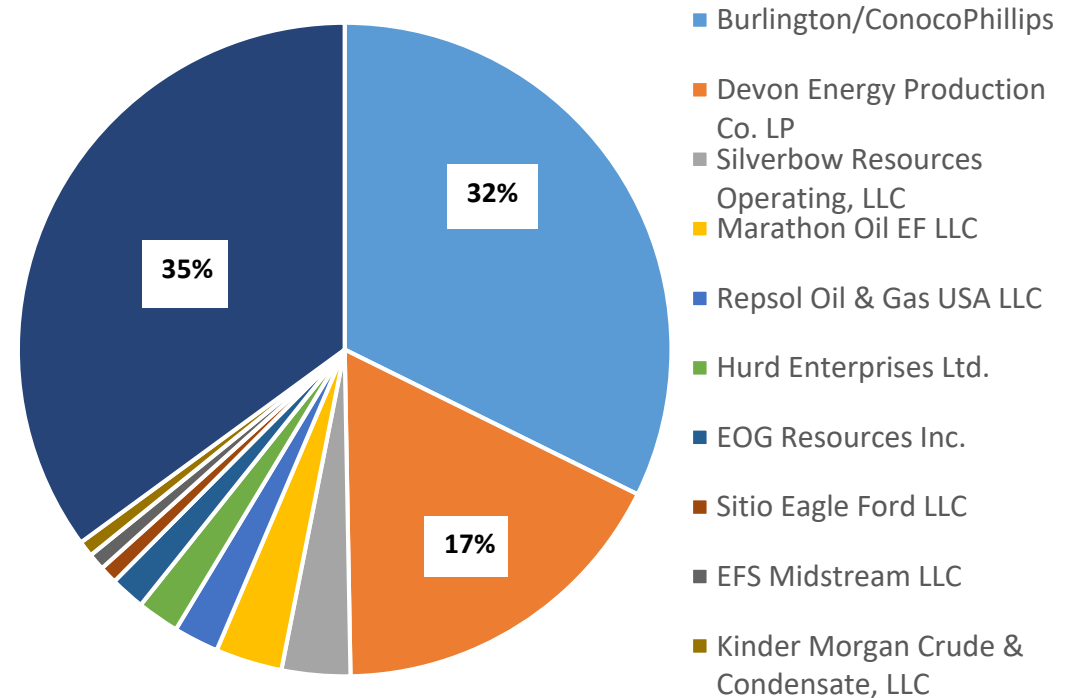
All RRC W-1 Permits issued for drilling in DeWitt County total 4,157



2024 Top 10 Mineral/Industrial Taxpayers

Mineral/Industrial Taxpayer	2024 Value
Burlington/ConocoPhillips	\$ 2,723,761,500
Devon Energy Production Co. LP	\$ 1,468,002,920
Silverbow Resources Operating	\$ 285,987,840
Marathon Oil EF LLC	\$ 278,218,150
Repsol Oil & Gas USA LLC	\$ 188,333.370
Hurd Enterprises, Limited	\$ 176,000,500
EOG Resources, Inc.	\$ 144,938,950
Sitio Eagle Ford LLC	\$ 74,595,940
EFS Midstream LLC	\$ 70,355,010
Kinder Morgan C & C, LLC	\$ 66,389,380
All Other WI & Royalty Interests	\$ 2,954,894,760
Total of Mineral/Industrial	\$ 8,431,478,320

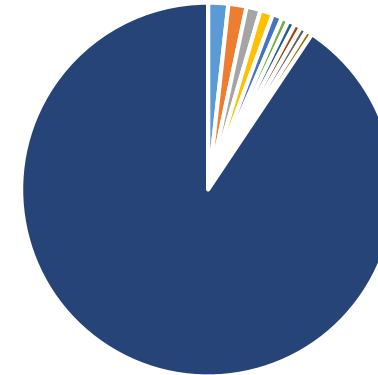
Total Mineral Values = \$ 8,431,478,320



2024 Top 10 Mineral Units

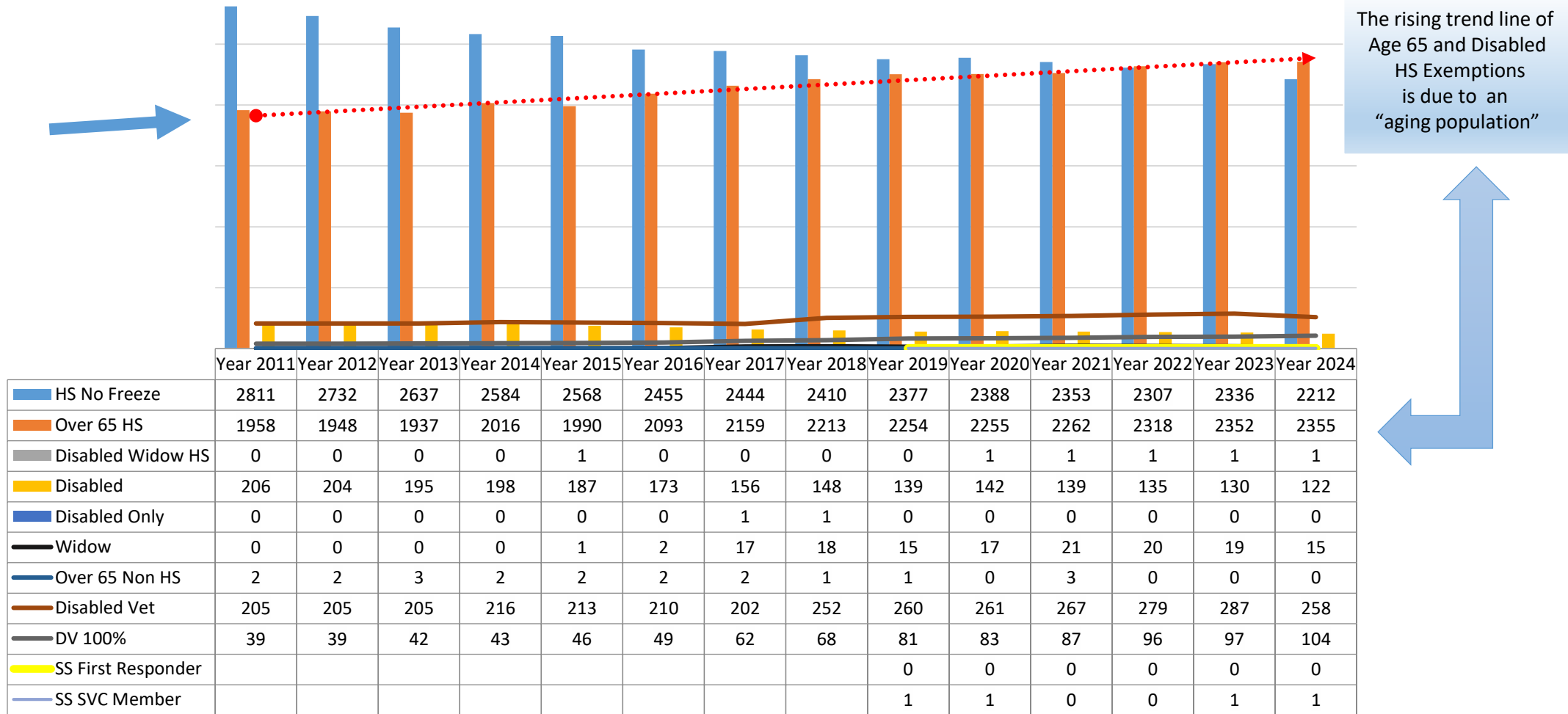
Mineral/Industrial Unit	2023 Value
Adams Unit A Wells #5-9	\$ 146,922,270
Ruckman Ranch Unit	\$ 131,933,570
H & H Unit B Wells #1-9	\$ 103,344,280
Wright Unit A Wells #1-6	\$ 93,085,780
LGM Unit A Well #1H	\$ 70,153,030
Brys-Butler Unit A-C USW	\$ 51,373,200
Rice University Unit	\$ 51,854,430
Cantu Unit C Wells #2H-11H	\$ 49,125,930
LGM Unit B Well #2H	\$ 48,319,160
Turbo Unit C Wells #1 and #3-7	\$ 45,049,320
Total of Top 10 Mineral Units	\$ 791,160,970
Total Mineral/Industrial, Other	\$ 7,640,317,350

Total Value of Top 10 = \$ 791,640,317,350



- Adams Unit A Wells #5-9
- Ruckman Ranch Unit
- H & H Unit B Wells #1-9
- Wright Unit A Wells #1-6
- LGM Unit A Well #1H
- Brys-Butler Unit A-C USW
- Rice University Unit
- Cantu Unit C Wells #2H-11H
- LGM Unit B Well #2H
- Turbo Unit C Wells #1 and #3-7
- All Other O & G Units

The Tax Freeze Ceiling levy of \$1,096,550 compares to a tax rate of .29550/\$100 for 2,856 Qualified Homestead Exemptions valued at \$371,083,083



2024 Proposed Tax Rate = .36601

Impact on Taxable Homestead 2021 vs. 2024

Countywide Average of Homesteads By Type:	2021 Taxable Value	2024 Taxable Value	Dollar Change in Appraised Value	Percent Change in Appraised Value	2021 County Tax Levy .46937 per \$100 value	2024 County Tax Levy .36601 per \$100 value	2024 Tax Bill vs. 2021 Tax Bill (\$)
Single Family Residence *A	\$ 86,051	\$ 129,873	\$ 43,822	+ 50.92%	\$ 403.90	\$ 475.35	+ \$ 71.45
Single Family Residence *A plus Land *E	\$ 109,332	\$ 166,274	\$ 56,942	+ 52.08%	\$ 513.17	\$ 608.58	+ \$ 95.41
		ASSUMPTION: NO CHANGE IN TAXABLE VALUE FOR THREE YEARS					ASSUMPTION: TAX SAVINGS FROM LOWER TAX RATE
Single Family Residence *A	\$ 86,051	\$ 86,051	\$ - 0 -	- 0 -	\$ 403.90	\$ 314.95	- \$ 88.94
Single Family Residence *A Plus Land *E	\$ 109,332	\$ 109,332	\$ - 0 -	- 0 -	\$ 513.17	\$ 400.17	- \$ 113.00

2024 Proposed Tax Rate = .36601

Impact on Taxable Homestead 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