Good Roads are good for the Economy and the Community
Unconventional Drilling Methods consume county roads

- Pad sites: over 300 truckloads of gravel or limestone
- Horizontal Drilling Rigs: permitted components up to 6 million lbs.
- Hydraulic Fracturing: millions of gallons of water
- Sand, sand, and more sand: up to 20 million lbs. per frac
- Tanker Trucks hauling produced oil until flow lines are connected
- Trucks hauling recovered frac water to injection wells miles away
- Pipelines and more pipes
- Cranes and etc.
Reconstruction costs: $350,000 per mile or more
2019 West Texas Conference: Dealing with County Roads

DeWitt-Karnes County line
2019 West Texas Conference: Dealing with County Roads
Ward – Reeves County line

2019 West Texas Conference: Dealing with County Roads
Road and Bridge budgets in the current era

- DeWitt County expenditures have increased 10-fold in the modern era of drilling
- Local budgets cannot sustain this need for additional revenue under the 8 percent rollback cap
- Issuing debt for road repair that is dependent upon a volatile asset such as producing minerals is folly
- Drilling activity destroys the roads; minerals values lower the tax rate
- When minerals are depleted, the local property taxpayer ends up paying for the damages the industry caused
- Permanent, dependable statewide funding solutions are needed
- Industry MUST be required to pay its fair share
- State of Texas should pay a fair share for the luxury of “cost-free” severance tax revenue
DeWitt County Road and Bridge Expenditures

$6.8 million FY 2005 thru FY 2008
$99.4 million since FY 2009 (Eagle Ford Shale Era)

Funded by Local Property Tax Revenue and one TIF Grant of $4,957,614 in FY 2015

Tax increment revenue raised from SB1747

2019 West Texas Conference: Dealing with County Roads
Budgeted Appropriations by Category during the Eagle Ford Shale Era
DeWitt County

In Percent of Total Budget

2019 West Texas Conference: Dealing with County Roads
Roads belongs to the State... but county taxpayers pay for the repairs

• In **Travis County vs. Trogden**, 88 Tex. 302, 31 SW 358 (1895) the Supreme Court held that: “the roads and highways of the State belong to the State and not to the counties within which they are located.”

• In **Robbins vs. Limestone County**, 114 Tex. 345, 268 SW915 (1925) the Supreme Court held that: “while the title, under the authority of law, was taken in the name of the county and under statutory authority, and the county was authorized and charged with the construction and maintenance of the public roads within its boundaries, yet it was for the state and for the benefit of the state and the people thereof.”
The fact that the Legislature may delegate to counties certain authority, power and supervision over roads and highways within their boundaries does not operate to devest the State of title and vest it in the counties. The Robbins vs. Limestone County case makes this quite clear.
History of Financial Support & Legislation

- In 2013, counties, TXOGA, and state leaders banded together for a statewide financial solution
- SB1747, created unconstitutional County TRZ’s to avoid the Rollback Tax problem that counties faced trying to raise the necessary revenue to repair the damaged roads
- SB1747 created the TIF Grant program administered by TXDOT and the 83rd Legislature appropriated $224.5 million to 191 counties
- In 2017, TXOGA-supported legislation repealed the CETRZ
- TXOGA did not offer an alternative revenue source in 2017
- Counties are exposed to the Rollback Election again and will not be able to raise the local revenue necessary to repair the roads destroyed by the oil and gas industry activity
- The State of Texas collects billions in Severance Tax from oil and gas sales
- Proposition 1 is funded by Severance Tax, but TXDOT does not share any Proposition 1 revenue or repair damages to the “off-road” system (i.e., county roads)
Current Sources for Road Repair Funding

• Gross Axle Fees (DMV Overweight Permits)
• Lateral Road Funds
• TXDOT Surplus materials
• TIF Grant Funds
• R.O.W. Royalty (if the minerals in the R.O.W. belong to the State)
• Local Property Taxes
• Debt
• Other?
• HB42 and HJR13
State vs. Local Funding for Road Repair

DeWitt County

State Funds Total = $6,132,787

Local Property Tax Budgeted = $78,570,000

2014 TIF Grant $4,957,914

Combined Road and Bridge Tax (millions)

2019 West Texas Conference: Dealing with County Roads
Volatile Mineral Values cause tax rates to fluctuate wildly

DeWitt County Tax Rates 2011-2018
in cents per $100 valuation

Effective Rollback Actual Tax Rate

46937 since 2013

2019 West Texas Conference: Dealing with County Roads
Proposed Amendment to HB2

• Amend Tax Code Section 26.012
• HB3614 by Representative Geanie Morrison was introduced in the 85th Legislature
• HB3614 adds language to the Tax Code that proposes to redefine New property value by adding the following language:

  (D) for purposes of a county,

  the increase in total taxable value of real property interests in oil or gas in

  place listed on the appraisal roll in the current year attributable to the production of oil or gas from wells completed after January 1 of the preceding year.
No New Revenue Tax Rate (NNRTR)

Proposed by SB2

No-New-Revenue [Effective] Tax Rate = 

(LAST YEAR’S LEVY - LOST PROPERTY LEVY) 
- / - 
(CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

Proposed Revision for Line 21 of the Tax Computation Worksheet

No-New-Revenue [Effective] Tax Rate = 

(LAST YEAR’S LEVY - LOST PROPERTY LEVY) 
-/- 
(CURRENT TOTAL VALUE - NEW PROPERTY VALUE – NEW MINERAL VALUE)
Y’all come see us sometime !