

2-15-17 County Judge's Article

LUMINANT SETTLEMENT

At long last the Milam Appraisal District has announced that the lawsuit filed by Luminant contesting the valuation of their properties in the county has been settled without a trial.

The agreement includes a valuation of \$315 million for 2015, far below the \$463 million valuation that had been included in the tax roll total which had been communicated to the county for budget planning purposes back in 2015, and \$290 million for 2016, again far below the \$435 million included in the 2016 county tax roll used for this year's budget planning. It was announced that the parties also agreed to a valuation for 2017 of \$280 million which will avoid another dispute this year.

In my opinion, the only good news in this is that the county (and Rockdale School District) can now move forward knowing how much ad valorem tax revenue we can expect, rather than having to guess at what is going to happen. The bad news is that in one swift action the county lost some 10% of its tax base with no way of recovering this in the near future. The school as I understand can expect at least some of the revenue loss to be made up by state funding.

We do not know what the outcome would have been if the suit would have been taken to trial by jury in district court. But we can assume that if the Appraisal District's position would have been sustained, the decision no doubt would have been appealed at significant expense. I am told that process would have taken an estimated two to three years minimum which I believe would be more than we could endure from a time and cost standpoint. In discussions that I have had regarding industrial appraisal trials and appeals, my concern is that the possibility of ending up with an outcome worse than the settlement that was agreed to is not worth the risk of continuing. Therefore I support the Appraisal District's decision to settle.

I want to personally thank attorneys Wayne Fisher and Bernard (B. J.) Johnson for their excellent service in handling this case for the Milam Appraisal District and for waiving their fees for this service. I would encourage all of you county residents that know either of these men to also go out of your way to thank them. I assure you that their performance on all of our behalf in this matter was nothing short of exemplary. I wish I had time here to describe some of the things they did including getting the case transferred back to district court here in Cameron from bankruptcy court in Delaware, the many hours in going through Luminant's mountains of documents, inspecting plants and questioning their representatives, enduring their resistance. No charge to you and me!

As soon as I get a revised 2016 tax roll from the Appraisal District and Luminant pays their 2016 taxes and the rest of their 2015 taxes and penalties which they are expected to do as soon as the settlement is approved in District Court, I'll prepare and present to you a revised estimate of the county's anticipated financial outcomes for 2017. Our financial picture will be much clearer now that the uncertainty surrounding Luminant is settled.

We now know that the 2% across the board pay increase for county employees that was planned contingent on us winning the Luminant case will not be given since the settlement was far less than the Appraisal District's initial values. Some \$140,000 alone was included in the general fund budget and some \$60,000 in the precinct budgets to cover these increases.

My initial review of the revenue that this settlement should generate would indicate that there will be just enough funds available to complete 2017 without any shortage in the General Fund like we had in 2016, but 2018 budget planning is going to be a serious challenge for the county.