

### 3-1-17 County Judge's Article

#### LUMINANT PAYS TAXES

Luminant has made its additional ad valorem tax payments for 2015 and 2016 based on the out-of-court settlement of its law suit against the Milam Appraisal District with the agreed upon valuation of \$315 million for 2015 and \$290 million for 2016 as the basis for those payments.

The county's payment was \$1,538,373 for 2015 (for use in 2016 budget year) including \$1,230,699 in additional taxes and \$307,675 in penalties and interest; and \$1,797,600 for 2016 (for use in 2017 budget year) including \$1,680,000 in additional taxes and \$117,600 in penalties and interest.

In general this is about a million dollars per year less than would have been collected if the Appraisal District's initial valuations had been upheld. This loss was offset to some extent by the \$400,000 plus in penalties and interest paid by Luminant.

Since the county was able to cover all but \$59,000 of the 2016 budget shortfall with reserves, revenue from other sources (mainly the housing of inmates from other counties), and from reduced spending; we will be able to place the back taxes that Luminant paid in for 2015 back into reserves for use as necessary to complete 2017 without the need for borrowing.

Hopefully we will have some reserves remaining to help in planning the 2018 budget because the Appraisal District's settlement with Luminant included a valuation for 2017 of only \$270 million which means an even further reduction in ad valorem tax dollars from Luminant for use in the county's 2018 budget. The mid-July through September budget planning cycle that Commissioner's Court and the other elected county officials will be going through this year in preparing the 2018 budget will be the most challenging yet in my tenure as county judge.