

## 5-3-17 County Judge's Article

### LOOKING AHEAD

Two major activities are approaching that are subjects of significant concern to me, and I have been thinking seriously about what to say to you concerning these subjects, how to say it, and even if and when to say some of these things.

The first subject is the coming election cycle. One county judge candidate is already campaigning and others will likely be announcing soon. I've tried to be very open and communicative as your county judge and have stated that my only motive has been to serve the community. I've tried to do the job well with no personal agenda or political aspirations. My personal feeling is that two terms is enough and if I were to run again, those of you that are accusing me of being a politician would start to have a legitimate argument, not only that but I would have a problem maintaining that there was no ego or personal agenda involved. In other words, I believe in term limits, even if self imposed. But I will also have to admit that the job has been very challenging and I am personally ready to slow down.

But I intend to stay a full two terms and am committed to give my full attention to the job through the last day of this second term, lame duck or not.

Now here's the other significant concern, budget planning or more specifically, county funding. Our county tax rate is way too high. As I pointed out in an article last year, at 70 cents we are one of the 50 counties (top 15%) out of 254 counties in the state with a tax rate at 70 cents or higher. And all those are small counties, most of them much smaller than Milam County. In fact only 5 had larger populations than us.

Our tax base is small, particularly for a county with a population as large as ours (25,000+) which is a large part of the reason our tax rate is so high. The primary reason that our tax base is small is that we have lost much of our industrial base with the loss of Alcoa and now the continuing fall of the valuation of Luminant (from \$722 million in 2010 to only \$280 million in 2017). The false impression of many is that we won with the settlement that the Appraisal District recently worked out. Not true, the drop for the three year period involved was dramatic from \$450 million in 2014 to \$280 million in 2017. Not only that, but no doubt the 2018 valuation will again be in contention with another significant drop in value likely to be debated.

Our favorite thing to do these past months was to bash Luminant, but the fact of the matter is that these past few years our industrial base has been declining rapidly in Milam County and at the same time nothing has been happening to replace the losses we have experienced. We have had no influx of economic development to replace the departure of Alcoa and now the Luminant coal fired power production which is rapidly being phased out.

At the same time we do not have any significant minerals base on our tax rolls like many Texas counties. In fact what minerals base that we do have has also declined as well from \$101 million in 2014 to only \$22 million this past year.

But that's not all of the story. The other thing that is different in Texas is that a large amount of state services are provided for in county budgets (as well as in local school budgets) and paid for by you and I with our local property taxes. As I've said before, the county government is largely a local branch of the state government. We like to think of ourselves as being independent of the state government in Austin, but we really aren't. We are not allowed to enact hardly any laws or ordinances like a city government and much of our county expenditures are dictated by the state legislature or state executive branches of government.

That's why you are hearing so much this legislative session from county judges and our organization called TAC (Texas Association of Counties) protesting the legislature's attempt to further cap our local ability to raise the ad valorem tax rate without an election. Yet they are pushing more costs down to the county and schools which is going to require us to collect more ad valorem taxes from you and I the ad valorem tax payers to pay for these things. It's all a political game and we the county judges, commissioners, and school boards are made to look like the bad guys.

We've cut our local county work force for these past 4 years by about 10% from about 170 to 150, and of the 12 central Texas counties that I survey for salary and benefit levels, we are one of the three or so lowest paying counties overall, so in my opinion we are not over paying county employees and we are not over staffed.

In summary, what I've tried to do here is give you a realistic picture of the financial situation that we are in here in Milam County, and it's not good.

Budget planning for 2018 is coming up in July and August with the budget and tax rate to be finalized at the September 11 Commissioner's Court meeting. The budget planning this year will not be overly challenging because of the Luminant back tax payments and penalties when the lawsuit was settled which restored our reserves, along with the over \$2 million the precinct's received these past two years from TIF grants. The fact that Luminant properties are still valued at around \$300 million through this year gives us some stability as well. However, after that we are likely going to be back to facing uncertainty regarding the tax base which will again complicate budget planning.

Therefore, unless something unforeseen happens, the budget planning that we do in 2018 for the 2019 fiscal year is going to face a significant revenue shortfall and we will again be looking at a combination of a significant increase in the tax rate along with further reductions in expenditures.