

Hamilton County Commissioner's Court
Special Session
Budget Workshop & Tax Abatement Workshop
September 5, 2017
9:00 A.M.



Hamilton County Commissioner's Court met in a Special Session – Budget Workshop & Tax Abatement Workshop on Tuesday, September 5, 2017 @ 9:00 A.M. with the following members present: County Judge Mark Tynes, Commissioners Johnny Wagner, Keith Allen Curry, Lloyd Huggins and Dickie Clary.

Tynes called the meeting to order and established a quorum.

The purpose of this hearing was a public hearing on the proposed budget.

Tynes skipped agenda item number 2 so that he could let the speakers from Capital Appraisal Group speak on the wind farm appraisal process.

Mr. Gregg Davis and Mr. Nowell Wilcox from Capital Appraisal Group came to explain the wind farm appraisal process. Davis introduced himself and started out by saying that the value the companies give you is not always accurate. He told the court to take that number with a grain of salt. The appraisals will be on the turbines and equipment. He stated that wind turbines are economical because of the tax credits from the federal government. Wind farms make quite a bit more money than a gas powered plant because wind costs nothing.

Mr. Wilcox said that there were basically three ways of appraisal which are Cost, Income and Market (sales).

1. Cost, what did it cost to build the farm? Is the wind farm functional/economical?
2. Income, Reflects what the market is. This will depreciate. If you are looking at a 10 year schedule (abatement) for example, then those taxes start being charged the turbines/equipment will depreciate down to about 25%. This can go up or down based on the market. Mr. Wilcox has never seen the energy market go up. The incentives for these companies are what they get from the federal and local government. Mr. Wilcox stated that while the wind farms are in construction and not producing anything, they are appraised at one half of what amount they have in the construction.
3. Market/sales, Mr. Davis said that he had never seen the sale of a wind farm and that historical data confirms that. That being said wind farms are fairly new and not many of them are over 10 years old. Those that are 10 years or a little older they are seeing that most of the (fans) are being replaced and new tax abatement begins.

Clary asked Mr. Davis and Mr. Wilcox if or what effect the turbines would have on the Ag and wildlife exemption. Mr. Wilcox said that it could be up to the appraisal board that he suggested getting legal advice over that topic.

Clary also asked them if there was something that Mr. David and/or Mr. Wilcox could give the court something on paper that might lay the county beneficial/non-beneficial things out. They said that they would like into what they could give them because so many things are confidential. When they had something for the court to look at they would send it to them through Hamilton County Chief Appraiser Doyle Roberts.

The court thanked both, Mr. Davis and Mr. Wilcox for coming and speaking to them.

Tynes stated that the court was just in the infant stages of this abatement process.

Clary did state that with all the Judges he had talked to one of the key notes that was suggested to them was to seek out professional legal advisor that specializes in this area. Tynes agreed.

Tynes went to part B on the agenda. The Hamilton County Tax Abatement Policy Review. He pointed out some things that he thought may need to be changed or reviewed.

Section B2, part b. The creation of a permanent full time employee with a minimum of 2 new employees and projected 5-year growth in number of employees.

Section B2, part i. Community perception of the value of the project.

Section C2 in the paragraph the wording (the County may provide for an abatement on a sliding scale as set forth in the Proposed Schedule of Tax Abatement attached.) Removing that whole sentence.

Section D2 – Look at the paragraph stating that all applications shall be submitted first to the appropriate City of Hamilton Economic Development Corporation or Corporation of Hico Economic Development Corporation for review and recommendation prior to Commission's Court action.

Section D2/1 – A plat showing the precise location of the property, all roadways within 200 feet of the site, and all existing zoning and land uses on this site.

Section D2/2 – A complete legal description of the property.

Section D2/6 – A cost/benefit analysis.

Section D3 the paragraph stating the application will be reviewed by the county Judge for completeness and accuracy and comments will be received from appropriate departments. Once this information is compiled, the application, review comments and recommendation will be forwarded to the members of the Commissioner's Court and to other taxing entities which may be involved in offering tax abatement.

Section E – Title should read Approval of Tax Abatement and other Economic Development Incentives by the Commissioner's Court.

Section E2/g – Require the owner of the property to certify annually to the governing body of each taxing unit that the owner is in compliance with each applicable term of agreement.

Section E2/f – Require the property owner to add minimum of two new employees.

Tynes recessed the court at 10:10 A.M. for five minutes.

Tynes recalled the court at 10:15 A.M. to begin the budget workshop.

Tynes brought the court back up to agenda item number 2 over the outside audit review, update and options and asked Hamilton County Auditor Kent Reeves to speak on this subject.

Reeves stated that they had just gotten finished with a real thorough audit finished for FY 2015, just in time to start on FY2016. He spoke with our outside auditors about doing a limited review of FY2016 to tie into FY2017 and then get right in FY2017. Reeves asked the court if they would be okay with that. Tynes asked Reeves if the county would still be in compliance. Reeves said yes, that there would not be an audit report for FY2016 but that it would be reviewed. After reviewing they would do a full blown audit for FY2017. Tynes offered the motion and Huggins seconded to complete a limited review of FY2016 budget and then begin a full blown audit on FY2017. The motion carried unanimously.

Tynes started the budget workshop and asked the court if they were all in agreement with the extra staff in the District Clerk's Office and the administrative assistant at the Sheriff's Office. The court was in agreement.

The court then took a vote on the \$80,000.00 overage in revenue in the Justice of the Peace department. To use it to pay off debt at the Sheriff's Office approximately \$40,000.00 and put the remainder in line item 560-570 to allow the Sheriff to buy one new vehicle and two used vehicles. Wagner, Curry, Tynes, Huggins yes and Clary no. The vote carried.

The court voted on the \$100,000.00 contingency line item in non-departmental. The vote carried unanimously.

The court voted for an additional jailer/dispatcher that will cost the county around \$39,985.00, not including taxes. Huggins yes, Clary no, Tynes, Curry and Wagner yes. The vote carried.

The court voted on the jail administrator to exempt him with a \$2,000.00 increase in his salary only to be effective when the jail administrator has staff enough so that he can be exempt. Wagner, Curry, Tynes, Huggins yes and Clary no. The vote carried.

Reeves gave a property tax update. He stated that the HISD has less delinquent taxes than the County does. HISD has a balance due them of \$110,000.00 and the county \$120,000.00. Reeves believes that there is no way they could have less owed than the County does. There are still issues across the street at the Appraisal District. Reeves did say that he got new reports from them this morning. Reeves thinks that we are at least \$30,000.00 off. Reeves stated that he is still looking for it. He received a list of delinquent taxpayers and out of the 450 delinquent only 8 over those was over \$1,000.00. Reeves is going to go to the Appraisal district and ask them to go through the records. He will keep working until he finds the issue.

Tynes wanted to remind the court of the upcoming meetings.

September 12, 2017 at 9:00 A.M. for the first public hearing on the proposed budget.

September 15, 2017 at 9:00 A.M. for the second public hearing on the proposed budget.

September 19, 2017 at 9:00 A.M. to adopt the Hamilton County budget for FY2018.

Tynes asked the court if they wanted to have another budget workshop for anything. He told the court if they think we should to let him know.

Tynes adjourned the court at 10:50 A.M.

W. Mark Tynes

County Judge

Kiesha F. Bagwell

County Clerk