



**PORT  
FREEPORT IS  
GROWING**

**Bigger, Deeper, Wider**

# Setting the 2020 Tax Rate

- Annual rate setting process for debt service (I&S) and maintenance and operations (M&O) tax rates
- 2020 I&S rate will include 2019 GO Bond issuance payments as well as planned 2021 GO Bond issuance payment estimate.
- Industrial and residential Tax Base in Port Freeport District, updated every year and provided by Brazoria County Tax Office.
- Review exemptions



## Age 65 or Older or Disabled Exemption Impact

Based on the 2019 Tax Roll, 12,881 accounts qualified for the age 65 or older or disabled exemption.

- With the current \$150k exemption, 9,213 accounts pay no tax
- @ \$175k exemption, the exemption would have increased to 10,704 accounts paying no tax resulting in an additional tax levy impact of \$27k

**Adopted Resolution on August 27**

# Age 65 or Older or Disabled Exemption Impact

Average Home Value \$218,750

	With Homestead Exemption	Proposed Over Age 65 in \$218,750 Home
Market Value	\$218,750	\$218,750
20% Homestead Exemption	\$ 43,750	\$ 43,500
Additional Exemption		\$175,000
Net Taxable Value	\$175,000	\$0
Port Tax (\$0.0401 per \$100)	\$70	\$0



# Bond Election Approved by Voters – May 5, 2018

## Port Freeport – Proposition A



FOR

**”THE ISSUANCE OF \$130,000,000 OF BONDS FOR THE PURPOSE OF IMPROVING, CONSTRUCTING, OR DEVELOPING THE FREEPORT HARBOR CHANNEL IMPROVEMENT PROJECT, AND THE LEVYING OF THE TAX IN PAYMENT THEREOF”**



AGAINST

**First Issuance of \$35M took place on June 19, 2019**

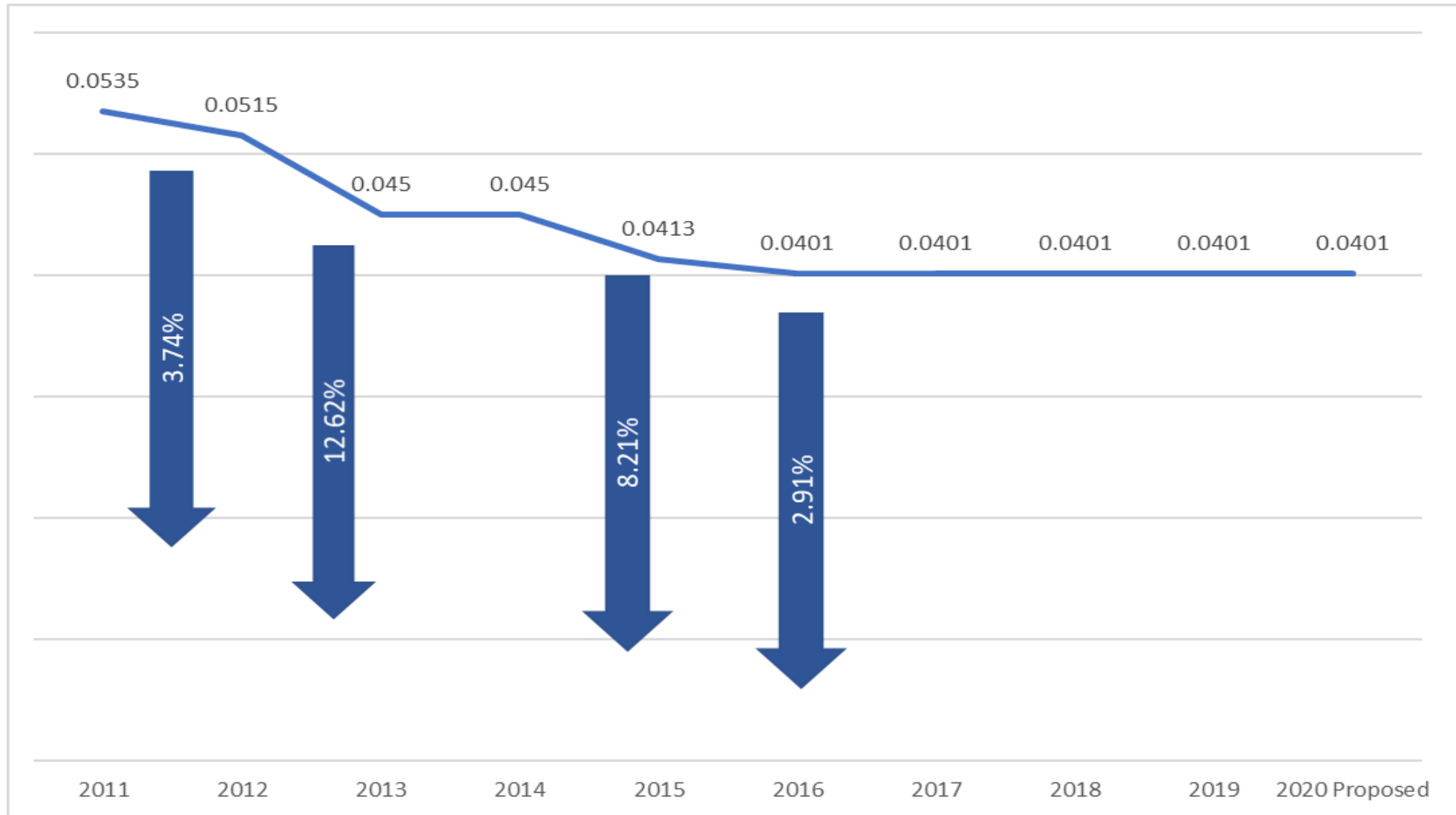
**2021 Issuance currently being modeled at \$39M**



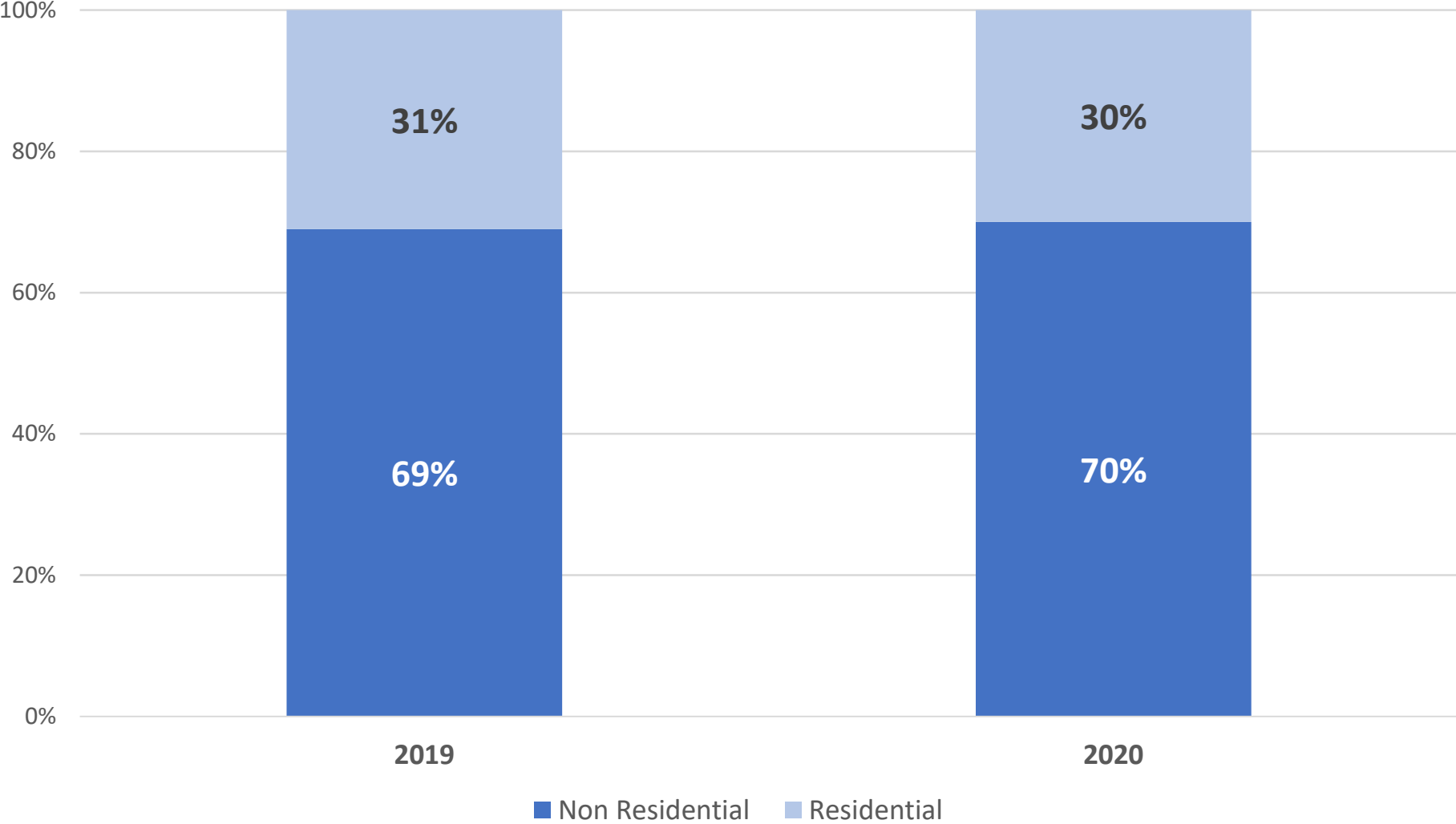
# Tax Rate Reductions

Reduced Tax Rate 25% Since 2011

Total Tax  
Rate per  
\$100 Taxable  
Value



# Non Residential and Residential Mix (Taxable Values)



# Port Freeport's 2016 – 2019 Tax Rate - \$0.0401

Maintenance and Operations (M&O)\* ≈ 3 cents



Debt Service\*\* ≈ 1 cent



\*M&O – Annual operating expenses  
\*\*Debt Service – Annual principal and interest for voter-approved bonds.

# Proposed Tax Rate with Bond Package - \$0.0401

Maintenance and Operations (M&O)\* ≈ 1 cent

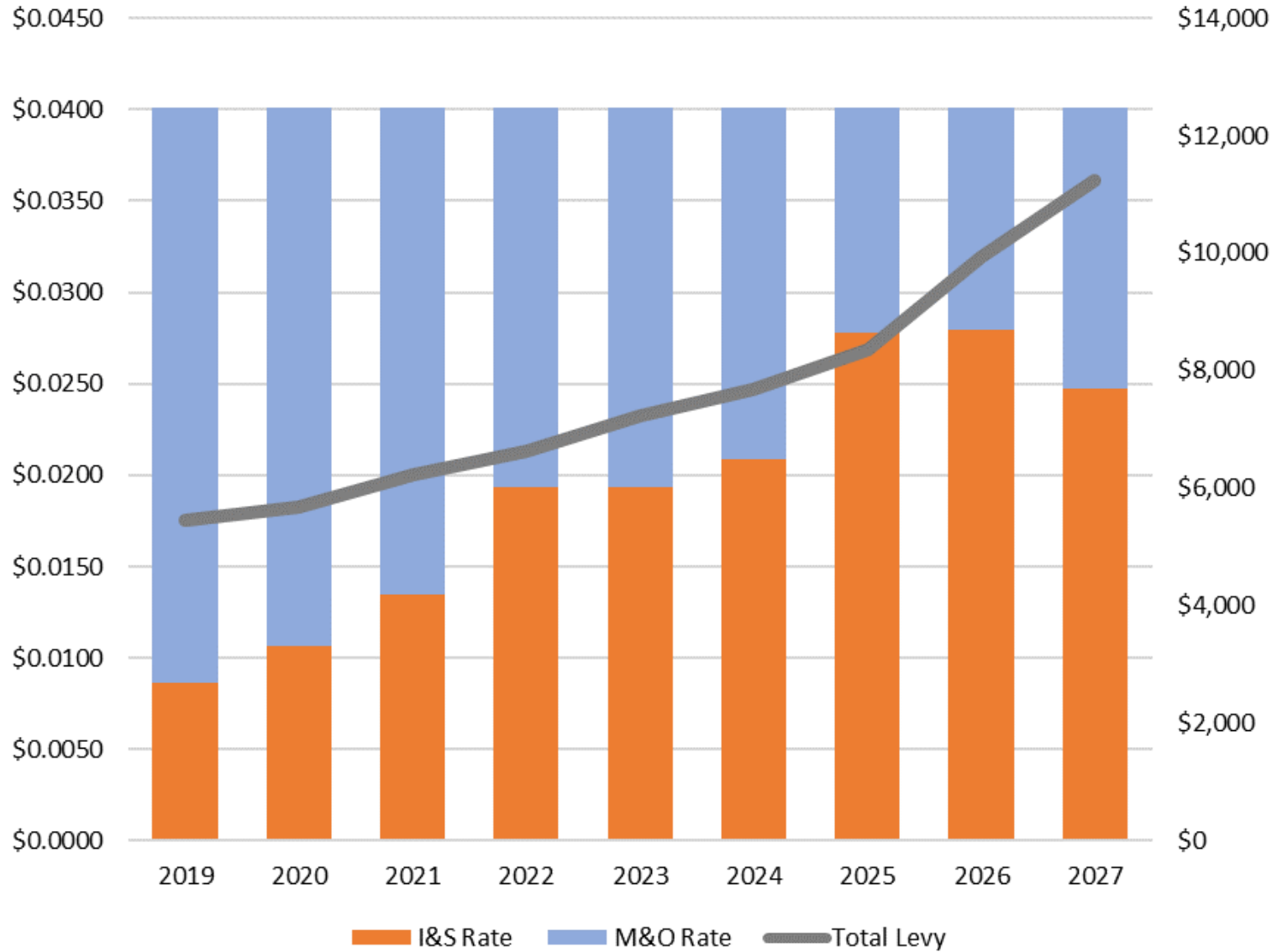


Debt Service\*\* ≈ 3 cents





# Tax Levy Projection



# Top 10 Taxpayers

		2020 Taxable Value	% Total 2020 Taxable Value
	(\$000s)		
Dow Chemical Company	\$	2,536,839	16.3%
Phillips 66 Company	\$	688,967	4.4%
Olin Chlorine #7 LLC	\$	678,102	4.4%
Blue Cube Operations LLC (Olin)	\$	581,872	3.7%
Chevron Phillips Chemical Company LP	\$	458,149	2.9%
Seaway Crude Pipeline Company LLC	\$	274,743	1.8%
BASF Corporation Chemicals Division	\$	242,767	1.6%
Freeport LNG	\$	152,619	1.0%
Lex Lake Jackson LP	\$	126,861	0.8%
CenterPoint Energy Inc	\$	121,069	0.8%
<b>Total</b>	<b>\$</b>	<b>5,861,988</b>	<b>37.7%</b>



# Tax Abatements

<b>(\$000s)</b>	<b>2020 Taxable Value</b>	<b>% Total 2020 Taxable Value</b>
<b>Total 2020 Tax Roll</b>	<b>\$15,562,628</b>	
<b>Estimated Value from Expiring Tax Abatements (Comes on tax rolls 2030)</b>	<b>\$13,457,294</b>	<b>86%</b>



# Proposed Tax Rate and Budget Schedule

- August 13 – Review 2020 Tax Rate Calculation Worksheet results
- August 27 – Take a record vote to propose 2020 tax rate
- August 27 – Conduct Budget Workshop
- August 28 – Report proposed rate and results of vote to BC Tax Assessor-Collector
- September 3 – BC Tax Assessor-Collector will publish either:
  - Notice of voting on tax rate
  - Notice of hearing on tax increase
- September 10 – hold tax rate hearing if proposed rate is above no new revenue rate
- September 10 – Adopt Budget
- September 10 – Adopt 2020 tax rate

# Texas Property Tax Reform and Transparency Act of 2019 (S.B.2)

SB2 changed both processes and terminology regarding the process of setting tax rates.

- **No New Revenue Tax Rate (Effective)** is the total tax rate that would provide the same amount of revenue in the year before on properties taxed in both years. Generally equal to last year's taxes divided by the current taxable value of properties that were also on the tax roll last year.
- **Voter Approval Tax Rate (Rollback)** is the required I&S Tax Rate plus either a 3.5% or an 8% (Special Taxing Unit) increase in the No New Revenue M&O Tax Rate.
  - Special Taxing Units = 8% - Taxing units with a proposed No New Revenue M&O rate of less than 2.5 cents, Junior College Districts and Hospital Districts.
  - Port Freeport Current M&O rate is .029485 cents and the 2020 rate is not yet calculated as the tax roll is not finalized.



## 2020 Tax rate Calculation Worksheet

	Levy Amount	Rate per \$100
<b>2020 Tax Base</b>	\$ 15,562,564,967	
<b>Deduct New Improvements *</b>	\$ (524,788,251)	
<b>2020 Adjusted Tax Base</b>	\$ 15,037,776,716	
<b>Last Year's Adjusted Total Taxes</b>	\$ 5,595,175	
<b>2020 No New Revenue Tax Rate</b>		<b>0.037207</b>
<b>* Items not on the 2019 appraisal rolls</b>		
	Levy Amount	Rate per \$100
<b>2020 Tax Base</b>	\$ 15,562,564,967	
<b>Debt Service Tax (I&amp;S)</b>	\$ 2,092,229	0.013443
<b>2020 Adjusted Tax Base</b>	\$ 15,037,776,716	
<b>2019 Adjusted NNR M&amp;O Tax Levy</b>	\$ 4,163,184	0.027684
<b>2020 Multiplier 3.5%</b>		1.035
<b>2020 Voter Approval M&amp;O rate</b>		0.028652
<b>2020 Voter Approval Tax Rate</b>		<b>0.042095</b>

# 2020 Proposed Tax Rate

- Maintain same Total Tax Rate as in 2016 – 2019 of \$0.0401
- Since this is above the No New Revenue Tax Rate, the Port is holding a public hearing on September 10 with adoption of the rate to follow also on September 10

## 2020 Tax Proposal

<u>Maintain Last Year's Total Tax Rate of \$0.0401</u>	<b>Levy Amount</b>	<b>Rate per \$100</b>
Debt Service Tax (I&S)	\$ 2,092,084	\$ 0.013443
Operating Tax (M&O)	<u>\$ 4,148,530</u>	<u>\$ 0.026657</u>
Total Taxes at Proposed Tax Rate	\$ 6,240,614	<b>\$ 0.040100</b>
Total Taxes at No New Revenue Tax Rate	\$ 5,790,387	
Incremental Tax Levy	\$ 450,227	\$ 0.002893
thereof New Investments Tax Levy	\$ 210,440	
Incremental Debt Service Obligation	\$ 590,279	

## 2020 vs 2019 Budgeted Tax Revenue Components at \$.0401 Rate

<b>TAXABLE VALUE FOR 2019 APPRAISAL ROLL</b>	<b>\$ 14,147,947,460</b>
<b>2019 LEVY:</b>	
<b>M &amp; O</b>	<b>4,171,522</b>
<b>DEBT SERVICE</b>	<b>1,501,805</b>
<b>TOTAL LEVY</b>	<b>5,673,327</b>
<b>TAXABLE VALUE FOR 2020 APPRAISAL ROLL</b>	<b>\$ 15,562,627,567</b>
<b>2020 LEVY:</b>	
<b>M &amp; O</b>	<b>4,148,530</b>
<b>DEBT SERVICE</b>	<b>2,092,084</b>
<b>TOTAL LEVY</b>	<b>6,240,614</b>

**2020 Tax Revenues**  
**Maintaining \$.0401 Overall Tax rate**

	<b>M&amp;O Rate</b>	<b>Levy Amount</b>
<b>2019 M&amp;O Revenue</b>	<b>0.029485</b>	<b>\$ 4,171,522</b>
<b>2020 M&amp;O Revenue</b>	<b><u>0.026657</u></b>	<b>\$ 4,148,530</b>
<b>Decrease in M&amp;O Revenues</b>	<b>(0.002828)</b>	<b>\$ (22,992)</b>
	<b>I&amp;S Rate</b>	<b>Levy Amount</b>
<b>2019 Debt Service Revenue</b>	<b>0.010615</b>	<b>\$ 1,501,805</b>
<b>2020 Debt Service Revenue</b>	<b><u>0.013443</u></b>	<b>\$ 2,092,084</b>
<b>Increase in Debt Service Revenues</b>	<b>0.002828</b>	<b>\$ 590,279</b>

# Thank You

For additional information, please contact us at  
<http://www.portfreeport.com/contact-us>