



PANOLA COUNTY

Status Report
July 24, 2017

The Perdue; Brandon delinquent tax calendar runs from July 1st until the following June 30th. Each July 1st, another tax year is turned over to the law firm for collections, and we add the new-year turnover to the pre-existing balance. We have loaded these new accounts in our system, and have already completed one mass mailing of tax notices to your delinquent taxpayers.

NOTE: All amounts shown in this report are base taxes only, and reflect amounts due Panola County only (no ISD, College, etc.).

Your Delinquent Tax Roll – and Overall Property Tax Delinquency

The most significant issue for discussion – and a potentially negative impact on your tax collection involves “compressor litigation”. There are about 80 separate compressor suits filed across the state of Texas involving the taxable value of compressors. Two of the top three overall delinquent accounts for Panola County involve compressors. These two accounts total \$264,628.59 (up from \$157,788.91 a few years ago) in base tax dollars owing to Panola County: ***almost eighteen percent of your current delinquency.***

The taxpayer compressor companies have filed suit in Panola County, but these suits are “abated” or legally on hold pending resolution of the cases already tried and on appeal. The Legislature did not adopt any legislation clarifying the law in the last session so we are “back to the Courts”. On the plus side, the taxpayer has not made a payment – so if they prevail in litigation, no refund will be due on these top two accounts; and of course if we prevail in the litigation, they will owe the taxes. The downside is that you have budgeted collection of these taxes for operations of the County, and if the taxpayer prevails, the property accounts will not be paid.

The first case on appeal was heard with oral argument in the El Paso Court of Appeals; a second was heard in Tyler involving a case out of Gregg County. With millions of dollars in taxable value at issue state wide, the issue has now been appealed to the Texas Supreme Court. One of four cases appealed to the Supreme Court has been set for oral argument. We should expect this issue to be resolved sometime this calendar year (2017). The compressor companies have the financial ability to pay if they lose – this is basically litigation to save the companies money by reducing their tax obligation,

One additional observation regarding our tax collection efforts and “the economy”: delinquent taxpayers that used to pay in a couple of months are now taking longer payouts. Law Firm wide, we are seeing a significant increase in bankruptcy filings: most are companies organized in the last 20 years, and have very little equity capital. Of your top eight delinquencies, four are in bankruptcy and all are oil and gas related companies – or directly affected by the industry.

Most of the Panola County collection effort is conducted out of our Longview satellite office; we have two legal assistants that work exclusively on collecting your taxes. They have online access to our software, can enter remarks or comments about specific accounts, issue letters, negotiate installment payment agreements and initiate litigation when necessary.

Authority Activity Analysis Report (all amounts are County only; base tax)

The top section of the AA report shows accounts by category, or “status”. The two red flags or cause for concern accounts in this section of the report are the “uncollectible” category, which is the compressor litigation (we cannot collect those taxes until the valuation litigation is resolved) and the oil and gas bankruptcy accounts.

The middle section of the AA report shows over **52,000** accounts with a base tax amount below \$100.00 – representing 96% of your accounts. Significantly, this also represents 17.2% of your total dollars that are delinquent (this is high for a taxing unit to have so many accounts below \$100). In the \$5,000 and up category ranges you have 28 accounts, but two of these involve compressors, and four involve bankruptcies: one dating back to 2009 that is still pending.

The lower part of the AA report shows taxes by year – the unusually high amount in 2009 is attributable to the bankruptcy case. You have taxes going back to tax year 1980 due to properties that were taken to Sheriff’s Sale, and no one bought the property at the tax sale – pursuant to Texas law, they have been “struck off” and the taxes remain due until someone buys the property. With the exception of the 2009 bankruptcy, this listing is otherwise “as expected” as you should expect the largest dollar delinquency in tax year 2016, and a declining balance on a year by year basis as we go further back in time. There may be minor variations year to year but for purposes of reporting to the County, I am not sounding the alarm of financial concern on a “year by year” basis. The compressor suits would be a greater concern for me – both the always present risk of litigation, and the time delay in getting our money even when we prevail.

two accounts should be paid (but it will be multiple individual payments, not “one big check”).

“All Years” Roll -- \$5,000 and up in base tax dollars

Archrock Partners Leasing, LLC	PBF 13282	\$212,193.50
Archrock Services Leasing LLC	PBF 13281	\$ 52,435.09

These accounts are the compressor cases. To put the dollars in perspective, note that the top two accounts for Archrock entities combined involve more money than every other account on this three page “All Years” report.

Circle Z Pressure Pumping, LLC	PBF 24550	\$62,317.78
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This is the account mentioned above. I list it here again for perspective of the total dollars owing to Panola County.

Car-Tex Consolidated, Ltd	PBF 2134	\$16,515.97
Richey Oilfield Construction (not shown)	PBF 13409	\$ 2,250.76

These are the two related bankruptcy accounts from tax year 2009. It is unusual that a bankruptcy case lasts this long, but our claims have been filed with the Bankruptcy Court and we are awaiting payment from the bankruptcy Trustee. The claims have not been denied by the Court, and no objections have been filed by the Trustee.

Henry Howard Services LLC	PBF 18897	\$14,985.18
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We have contacted the property owner, and have been unable to negotiate an acceptable payment agreement. Through the Courts, we have filed a Tax Warrant and seized the personal property of this company (trucks, trailers, storage tanks, etc.). We have an auctioneer who will be selling the property this Wednesday, July 26th. You are welcome to come observe the proceedings (bearing in mind it is July in Texas...).

Badger Daylighting	PBF 24495	\$7,363.93
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This account is PAID IN FULL.

Blazer Services	PBF 22169	\$9,713.89
Carthage Country Club	PBF 19474	\$6,294.59
Red River Compression Services LLC	PBF 21665	\$5,763.16

We have contacted these property owners, and have been receiving partial payments.

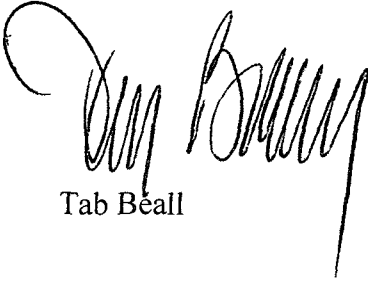
Susan Anthony Stough	PBF 22440	\$8,745.35
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This taxpayer owes taxes on both real estate, and minerals. We have obtained a Tax Warrant on the mineral properties and are retiring that delinquency through money

royalty checks. There are no arrangements for the real estate taxes and we may have to file a delinquent tax suit – we are competing with the IRS for collection of money.

Thank you for the opportunity to discuss these accounts,

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tab Beall". The signature is written in a cursive style with a large initial "T" and "B".

Tab Beall

Perdue Brandon Fielder Collins & Mott LLP

ATTORNEYS AT LAW

AUTHORITY ACTIVITY ANALYSIS

PANOLA COUNTY, SPECIAL As Of 7/12/2017, Last Tax Year Included 2016

Description	# Properties	Pct Of Total	Base Tax Amount	Pct Of Total
In Bankruptcy	157	.28%	\$130,151.95	8.66%
In Trust	7	.01%	\$1,874.12	.12%
In Deferral	18	.03%	\$16,668.57	1.11%
In Litigation	2,864	5.13%	\$126,435.08	8.41%
In Partial Pay	281	.50%	\$31,287.49	2.08%
In Uncollectable	219	.39%	\$267,454.75	17.80%
In Bad Address	18,440	33.06%	\$240,628.27	16.01%
Action Pending	33,796	60.59%	\$688,351.79	45.80%
Totals	55,782	100.00%	\$1,502,852.02	100.00%

Dollar Range	# Properties	Pct Of Total	Base Tax Amount	Pct Of Total
\$0.01 - \$100.00	52,159	95.93%	\$258,488.94	17.20%
\$100.01 - \$250.00	1,059	1.95%	\$169,296.97	11.27%
\$250.01 - \$500.00	587	1.08%	\$206,242.57	13.72%
\$500.01 - \$1000.00	333	.61%	\$231,189.92	15.38%
\$1000.01 - \$2500.00	174	.32%	\$262,756.54	17.48%
\$2500.01 - \$5000.00	33	.06%	\$117,019.75	7.79%
\$5000.01 - \$10,000.00	21	.04%	\$131,677.72	8.76%
\$10,000.01 - Up	7	.01%	\$126,179.61	8.40%
Totals	54,373	100.00%	\$1,502,852.02	100.00%

Year	# Transaction	Pct Of Total	Base Tax Amount	Pct Of Total
1980	4	.00%	\$3.85	.00%
1981	8	.00%	\$3.85	.00%
1982	10	.00%	\$26.56	.00%
1983	17	.01%	\$22.35	.00%
1984	20	.01%	\$39.96	.00%
1985	27	.01%	\$229.38	.02%
1986	44	.02%	\$277.20	.02%
1987	38	.01%	\$403.39	.03%
1988	42	.01%	\$504.20	.03%
1989	62	.02%	\$719.01	.05%
1990	66	.02%	\$851.25	.06%
1991	82	.03%	\$866.98	.06%
1992	88	.03%	\$847.72	.06%
1993	96	.03%	\$1,115.49	.07%
1994	107	.04%	\$1,120.24	.07%
1995	117	.04%	\$1,305.95	.09%
1996	1,435	.50%	\$3,167.84	21%

1997	2,149	.75%	\$3,907.20	.26%
1998	2,378	.83%	\$3,196.64	.21%
1999	2,276	.79%	\$4,532.26	30%
2000	2,568	.89%	\$4,623.83	31%
2001	4,068	1.41%	\$4,364.87	.29%
2002	4,946	1.72%	\$5,933.41	.39%
2003	4,899	1.70%	\$8,396.50	56%
2004	6,169	2.14%	\$8,253.04	.55%
2005	8,199	2.84%	\$8,153.95	.54%
2006	10,996	3.82%	\$14,091.62	.94%
2007	12,460	4.32%	\$17,294.32	1.15%
2008	16,541	5.74%	\$21,444.71	1.43%
2009	17,694	6.14%	\$44,907.44	2.99%
2010	18,480	6.41%	\$31,820.36	2.12%
2011	18,911	6.56%	\$41,445.09	2.76%
2012	18,973	6.58%	\$109,323.87	7.27%
2013	19,957	6.92%	\$117,355.32	7.81%
2014	25,094	8.71%	\$146,927.73	9.78%
2015	32,938	11.43%	\$243,372.29	16.19%
2016	56,234	19.51%	\$652,002.35	43.38%
Totals	288,193	100.00%	\$1,502,852.02	100.00%

****Number of properties may differ in the first two sections because a property may reside in more than one category in the first section.**

Descending Tax Roll - Client

PANOLA COUNTY, SPECIAL

For Years 2016 Through 2016

For Amounts \$2,000 00 To \$999,999,999 99

Taxpayer #	Taxpayer name	Year Span	Status Indicators	Base Tax Cause #	Jdg Date OOS L B P D
13282	ARCHROCK PARTNERS LEASING LLC	2016	-	\$50,345.60	
24550	CIRCLE Z PRESSURE PUMPING LLC	2016	BKR	\$29,108.73	B
26540	KEY ENERGY SRV(PANOLA YD 4007)	2016	BKR	\$25,092.62	B
27237	PIERCE CONSTRUCTION	2016	-	\$12,950.66	
26550	SAMSON LONE STAR LLC-UNKNOWN	2016	BKR	\$11,513.87	B
27181	UNKNOWN (SUSPENSE)	2016	-	\$10,473.35	
27182	UNKNOWN (SUSPENSE)	2016	-	\$10,180.56	
22169	BLAZER SERVICES	2016	-	\$9,713.89	

Taxpayer #	Taxpayer name	Year Span	Status Indicators	Base Tax Cause #	Jdg Date	OOS	L	B	P	D
20456	ACTION CARTHAGE LLC	2016	-	\$7,436.27						
24495	BADGER DAYLIGHTING	2016	-	\$7,363.93						
19474	CARTHAGE COUNTRY CLUB LLC	2016	-	\$6,294.59						
22440	ANTHONY SUSAN STOUGH	2016	-	\$5,672.26						
16323	PIERCE KENNETH ETUX BRENDA	2016	-, SUIT	\$5,391.75						
22247	RED RIVER COMPRESSION SERV LLC	2016	-	\$5,275.72						
26869	VALENCE OPERATING CO-UNK/UNLSE	2016	-	\$5,083.16						
19119	TKO RENTALS & SERVICES LLC	2016	-	\$3,967.92						
16837	COMPLETE PRINTING & PUBLISHING	2016	-	\$3,369.98						
18897	HENRY HOWARD SERVICES LLC	2016	SUIT	\$3,213.34	2017-107					L

Taxpayer #	Taxpayer name	Year Span	Status Indicators	Base Tax Cause #	Jdg Date OOS L B P D .
27218	NATIONS FUND LLC	2016	-	\$3,141.97	
25871	CAGLE MICHAEL ETUX GAIL	2016	-	\$2,985.87	
13281	ARCHROCK SERVICES LEASING LLC	2016	-	\$2,835.48	
22358	COURTNEY KEVIN CHANCE	2016	-	\$2,302.44	
2016	GALES JOEL J ESTATE	2016	-	\$2,301.67	
21794	HW SERVICES LLC	2016	-	\$2,177.93	
24	Taxpayers			\$228,193.56	

Descending Tax Roll - Client

PANOLA COUNTY,SPECIAL

For Years 1968 Through 2016

For Amounts \$5,000 00 To \$999,999,999 99

Taxpayer #	Taxpayer name	Year Span	Status Indicators	Base Tax Cause #	Jdg Date OOS L B P D
13282	ARCHROCK PARTNERS LEASING LLC	2012-2016	-	\$212,193.50	
24550	CIRCLE Z PRESSURE PUMPING LLC	2015-2016	BKR	\$62,317.78	B
13281	ARCHROCK SERVICES LEASING LLC	2012-2016	-	\$52,435.09	
26540	KEY ENERGY SRV(PANOLA YD 4007)	2016	BKR	\$25,092.62	B
22194	CAR-TEX CONSOLIDATED LTD	2009	BKR	\$16,515.97	B
18897	HENRY HOWARD SERVICES LLC	2014-2016	SUIT	\$14,985.18 2017-107	L
27237	PIERCE CONSTRUCTION	2016	-	\$12,950.66	
26550	SAMSON LONE STAR LLC-UNKNOWN	2016	BKR	\$11,513.87	B

Taxpayer #	Taxpayer name	Year Span	Status Indicators	Base Tax Cause #	Jdg Date OOS L B P D
27181	UNKNOWN (SUSPENSE)	2016	-	\$10,473.35	
27182	UNKNOWN (SUSPENSE)	2016	-	\$10,180.56	
22169	BLAZER SERVICES	2016	-	\$9,713.89	
22440	ANTHONY SUSAN STOUGH	2015-2016	-	\$8,745.35	
20456	ACTION CARTHAGE LLC	2016	-	\$7,436.27	
24495	BADGER DAYLIGHTING	2016	-	\$7,363.93	
19474	CARTHAGE COUNTRY CLUB LLC	2016	-	\$6,294.59	
22247	RED RIVER COMPRESSION SERV LLC	2015-2016	-	\$5,763.16	
10662	CAPITAL ASSOCIATES INTRNTL	2011-2012	-	\$5,762.71	
16323	PIERCE KENNETH ETUX BRENDA	2016	-, SUIT	\$5,391.75	

Taxpayer #	Taxpayer name	Year Span	Status Indicators	Base Tax Cause #	Jdg Date OOS L B P D
26869	VALENCE OPERATING CO-UNK/UNLSE	2016	-	\$5,083 16	
19	Taxpayers			\$490,213.39	