



Woodbury County Board of Supervisors

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To: Woodbury County Supervisors

From: Dennis D. Butler, Finance Director 

RE: CF Development Agreement

Date: December 23, 2017

When CF Industries and Woodbury County agreed and signed the Development Agreement, Part B - County Obligation addresses in Section 3 the Natural Gas Replacement Tax Rebate. That section states, "if the State of Iowa determines that all or a portion of the Property is subject to the natural gas replacement taxes imposed by Chapter 437A of the Code of Iowa, the County agree to rebate to the Company (CF Industries) annually an amount equal to the amount of such replacement tax revenue that the county receives in each year during the term of this agreement". The agreement is for a period of twenty years.

That being said, the January 1, 2017 excise taxes collectible during FY 2019 will amount to approximately \$940,000 based on an assessment of \$90,707,586. The tax dollars will come from the taxes generated in each county tax fund.

The effect of this rebate on the county will increase both the tax asking and budget in each of the county's tax funds. The funds affected will be General Basic, General Supplemental (which have to include the County Services share), Debt Service and Rural Basic. Unfortunately, this will inflate our tax asking and total budget for each fiscal year.

All the other taxing entities will receive their share of the apportionment of taxes from this excise tax involving the Natural Gas Assessment. Woodbury County could only rebate the county share of the excise tax.

I am available at any time for any questions.